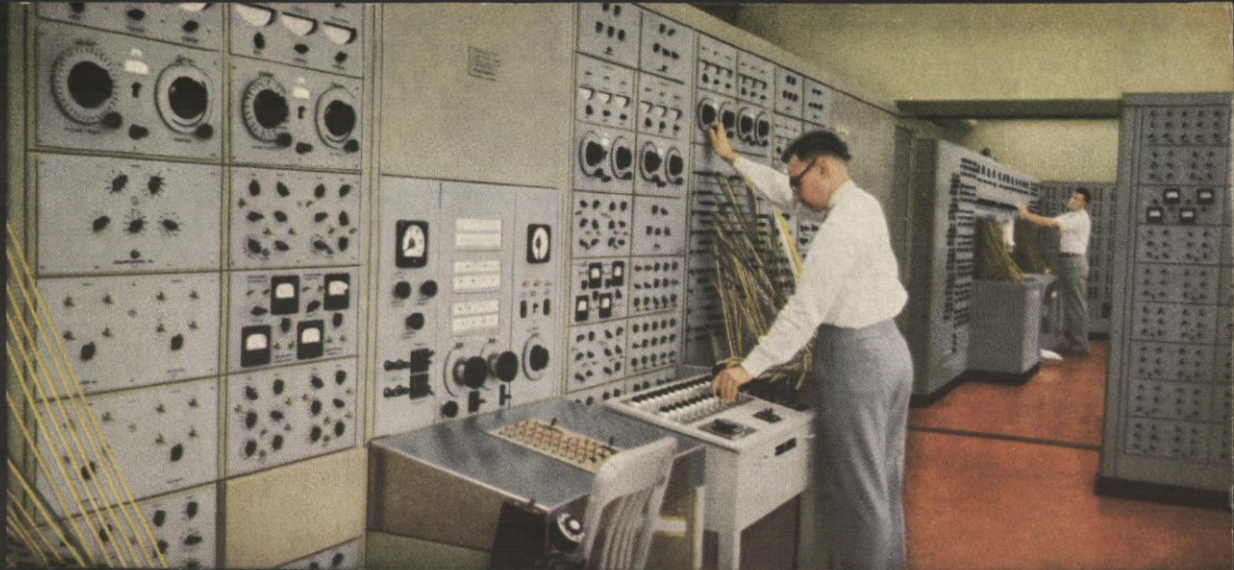


1954



Applying General Electric computers to the solution of business problems (Page 9)

ANNUAL REPORT

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

“ This Annual Report contains a selection of some of the most important and most promising developments of the year—those which we believe will contribute to General Electric’s continuing leadership in the electrical industry and to the long-term interests of the share owners. Thus I hope that you, as an owner, will give the Report your careful attention, so that you will be even better informed about your Company’s products, plans and progress. ”

FROM THE PRESIDENT’S LETTER (page 5)



Progress toward broader share ownership (Page 2)



Developing tomorrow’s business leaders (Page 36)

GENERAL  ELECTRIC

BOOKS

9334.271
G2862

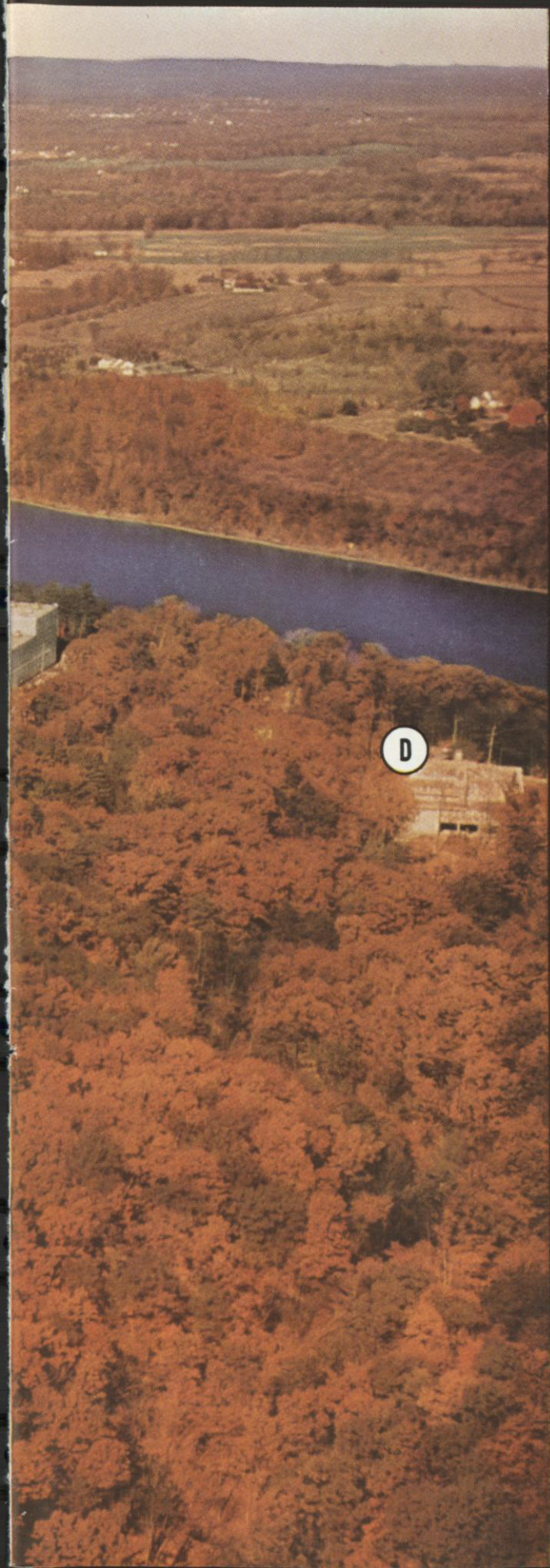
Progress Is Our Most Important Product



GENERAL ELECTRIC'S RESEARCH LABORATORY

Its manpower and facilities are being expanded 50 per cent

New additions to the Research Laboratory at the Knolls, near Schenectady, N. Y., will, when completed, bring to \$155 million the Company's total postwar investment in laboratory and developmental facilities at this and other locations—a measure of General Electric's determination to maintain leadership in the development of new products, new employment opportunities, and new businesses. Research Laboratory additions under way in 1954: (A) a new five-story wing for the main Laboratory building; (B) two additional floors for the east office wing; (C) a new building for the development of metals, alloys and ceramics; and (D) a new building in which research on combustion and other high temperature processes will be conducted.



GENERAL ELECTRIC

1954

Annual Report

Contents

Progress in share ownership	2
Earnings and Dividends	3
Highlights of 1954	4
President's letter	5

Outstanding developments of 1954 . . .

in research and advanced development	7
in atomic energy	11
in large electrical equipment	12
in lighting and industrial products	14
in defense	16
in products for other lands	17
in products for better living	18
in human relations	20

Financial Review

Sales, Earnings	22
Earnings of Employees	23
Working Capital	24
Inventories	25
Nonconsolidated Affiliates	25
Plant and Equipment	26
Consolidated Financial Statements	28
Auditor's Report	31
15-year Summary	32
Board of Directors	34
Officers	35
Progress in Manpower Development	36

In this Report, the terms "General Electric" and "Company" relate to the consolidated group of companies as listed in Note 1 on page 30. The terms "Share Owners," "Common Stock," "Directors" and "Officers" generally apply only to the Parent Company. Individual Companies, or other groups of companies, are specifically identified.

The Number of General Electric Share Owners 1929-1954



PROGRESS TOWARD BROADER SHARE OWNERSHIP: Hicks Waldron, of the Plainville, Connecticut plant, is one of an estimated 40,000 employees who have become share owners through participation in the Company's Employees Savings and Stock Bonus Plan.

GENERAL ELECTRIC SHARE OWNER FAMILY

REACHES HIGHEST LEVEL IN HISTORY

The number of General Electric share owners of record rose to 295,945 at the end of 1954—highest in Company history. The average number during the year was 277,047.

Two factors were chiefly responsible for the increase. One was the three-for-one conversion of the Company's stock, which brought the market price within a range attractive to larger numbers of investors. The second factor: the addition of new employee-share owners who received their shares as participants in the Employees Savings and Stock Bonus Plan.

During 1954 and early 1955, an estimated 40,000 employees became share owners. It is expected that 87,000 employees currently participating in the plan will become share owners on completion of their five-year holding periods.

Share owners again aid planning of Report

The growing number of share owners serves to highlight the importance of improving the effectiveness of communications by means of the Annual Report and other Company messages. Again in 1954 General Electric sought the opinions of share owners concerning the improvements they consider most helpful.

Analysis of interviews conducted with share owners by an independent research agency indicated that the illustrative type of Annual Report not only communicates more swiftly the information share owners need but it also helps them form a more definite and lasting impression. As a result, we have gone still further toward

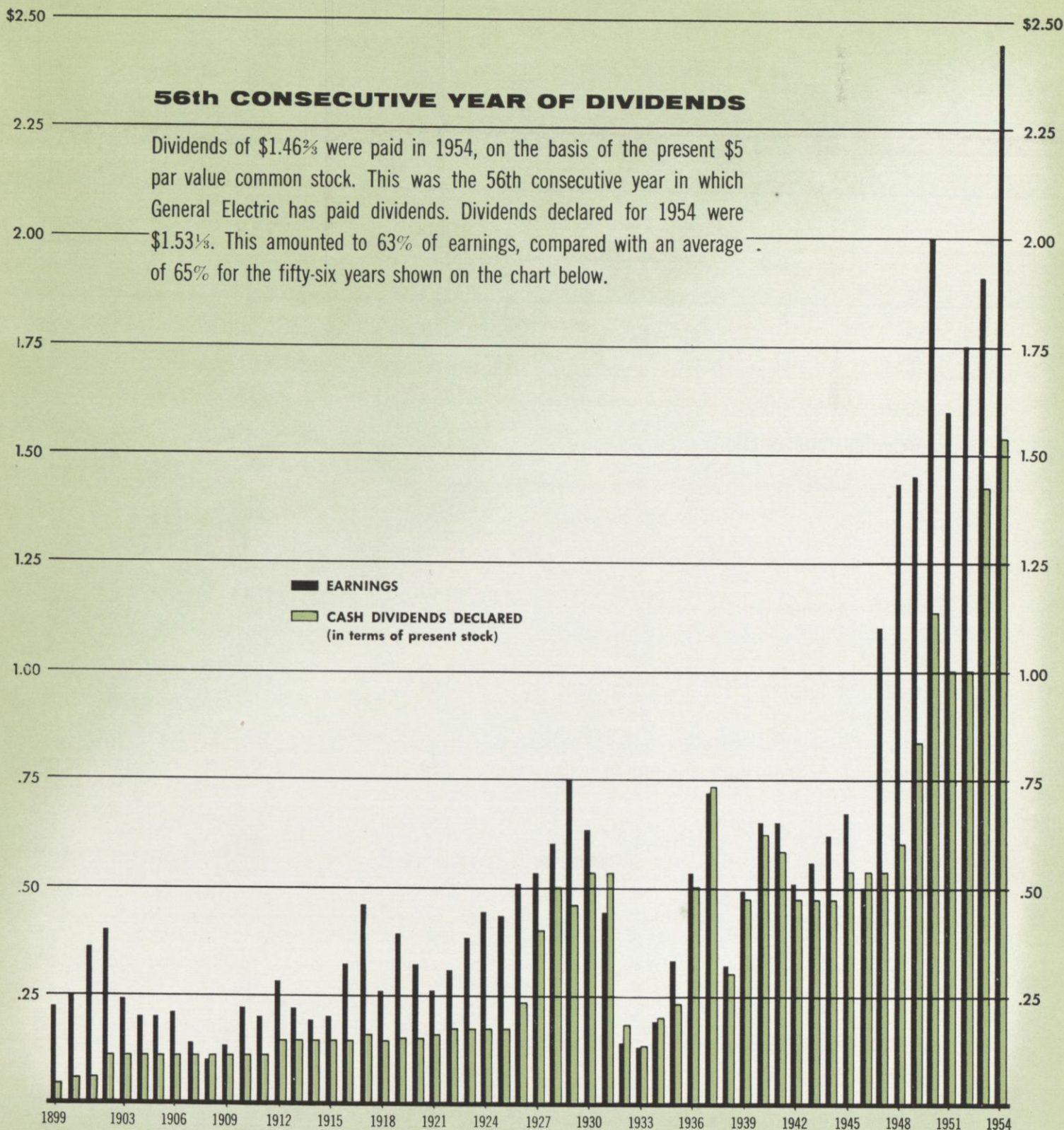
preparing this type of report and have incorporated additional changes designed to make the Annual Report more informative to the share owners.

Report cost: one-fourteenth cent per share

In answer to a question asked by many share owners: the cost of preparing and distributing the Company's 1954 Annual Report is estimated at 23 cents per copy, which after taxes amounts to about 11 cents per copy. The cost of the Report is about one-fourteenth cent per share.



IMPROVING SERVICE TO SHARE OWNERS: new automatic machines installed to handle share owner mailings more speedily and efficiently represent a 1954 improvement in service to the Company's share owners.



This is a 56-year record of the earnings and cash dividends declared per share of the present \$5 par value common stock. Adjustments have been made for common stock dividends distributed prior to 1922, and for three increases in the number of shares, the first in 1926 (four shares for one); the second in 1930 (four shares for one) and the third in 1954 (three shares for one). The

earnings shown represent earnings of the Parent Company through 1933 and earnings of the Parent Company and consolidated affiliates thereafter, on the basis of the average number of shares issued. The dividends shown represent cash dividends declared. There have also been, from time to time, dividends distributed in the form of stock.

HIGHLIGHTS OF

1954

	1954	1953	1952
IN MILLIONS			
Sales	\$2959.0	\$3128.1	\$2623.8
Federal taxes on income (includes renegotiation)	178.0	308.5	264.0
Net earnings	212.6	165.7	151.7
Dividends declared	131.4	121.6	85.9
Expenditures for new plant and equipment	158.8	141.0	123.1
Depreciation of plant and equipment	79.5	67.3	59.7

PER SHARE

IN DOLLARS

(in terms of present shares)

Federal taxes on income (includes renegotiation)	\$ 2.06	\$ 3.56	\$ 3.05
Net earnings	2.46	1.92	1.75
Dividends declared	1.53	1.42	1.00
Dividends paid	1.47	1.33	1.00

Further details are shown in the statistical summary on pages 32 and 33. The Financial Review begins on page 22 and formal financial statements will be found on pages 28 to 31.

"A YEAR OF BUILDING

FOR THE FUTURE"

To the Share Owners:

General Electric Company earnings in 1954 reached an all-time high of \$212.6 million, representing 7.2 per cent of the year's sales volume of \$2 billion 959 million.

The Company's earnings amounted to \$2.46 a share, an increase of 28 per cent over 1953 earnings of \$1.92 a share. Sales were 5 per cent under the 1953 record total of \$3 billion 128 million.

The pattern of 1954 operations was affected by general economic conditions. Sales of our Defense Products Group did not decline as much as management had anticipated. Business of the Industrial Products and Lamp Group, which sells products used as components by all of industry, was adversely affected by customer inventory adjustments in the first nine months of the year. Sales of the Apparatus Group were about equal to those of a year ago and the Appliance and Electronics Group showed an increase over 1953.

The Financial Review beginning on page 22, and the formal financial statements on pages 28 through 31, will give you the details of the Company's financial operations for 1954.

Outlook for 1955—Commercial sales to increase

Significant developments of 1955 as presently forecast could well include:

1. An increase in sales of commercial products over 1954.
2. Further reduction in the Company's defense sales from 1953 and 1954 levels.
3. New investment in laboratories, manufacturing facilities and equipment slightly above the high level of 1954.

The Company's management at all levels has undertaken the challenge, in spite of two successive years of declining defense business, to increase total 1955 sales over the record set in 1953.

Progress in research and atomic development

1954 was an important year of building for the future. Research and development activities were accelerated to the highest level in Company history. Our investment in new factories, laboratories and equipment exceeded that of any past year, and amounted to \$158.8 million.

An important example of building for the future is General Electric's pioneering work in the atomic energy field. While conventional fuels such as coal, gas and oil are in ample supply to continue to provide economical electrical power generation in the years immediately ahead, eventually additional fuel sources will be needed if the electrical industry is to maintain its rate of growth in doubling every decade. Intensive studies of how to utilize atomic energy in the generation of electric power have been under way for several years and incorporate the Company's experience in atomic research dating back to 1939. These studies now indicate that atomic power can ultimately be developed at competitive costs if the Government untiringly strives to encourage the vigor of private industrial effort.

Aggressive selling at the market place

In 1954 a new Distribution Group was formed to place additional emphasis on improved service to the customer and more effective selling efforts on behalf of the many product departments served. This Group provides sales channels for many of the Company's products and includes the Apparatus Sales Division, the General Electric Supply Company, International General Electric Company, and the General Electric Credit Corporation.

Another important step towards improved marketing methods during the year was the launching of a comprehensive study of consumer goods distribution. Its aim is to improve the correlation between the production and sales of consumer goods. This will be a continuing study for several years, and while no revolutionary changes are anticipated, its

total contribution to a more efficient relationship between production and the needs of the consumer promises to be very large.

The challenge in manpower development

The greatest challenge in the Company's long-range planning is the development of men. The strengthening of the Company's major educational programs, plus the introduction of a Manager Development Plan, described on pages 36 and 37, made 1954 a year of substantial progress toward meeting this challenge.

The number of positions today which call for highly educated and trained men gives some measure of the increasing demands of the future. In General Electric today there are more than 16,000 managers, supervisors and foremen, and more than 22,000 equivalent positions for other professional con-

tributors such as accountants, engineers, salesmen and scientists.

This Annual Report contains a selection of some of the most important and most promising developments of the year—those which we believe will contribute to General Electric's continuing leadership in the electrical manufacturing industry and to the long-term interests of the share owners. Thus I hope that you, as an owner, will give the Report your careful attention, so that you will be even better informed about your Company's products, plans and progress.

Respectfully submitted for the Board of Directors.

Ralph J. Cordiner
PRESIDENT



DIRECTORS VISIT Appliance Park, Louisville, Ky. This was the third Company facility visited by Board members in 1954. Directors met in Schenectady in April. In July they took part in the discussion of manpower development at the Company's Association Island. On tour of Appliance Park (left to right): Roy W. Johnson, Executive Vice President—Appliance and Electronics Group, President Ralph J. Cordiner, Directors Francis L. Higginson and John Holmes, General Counsel and Secretary Ray H. Luebke, Director G. Peabody Gardner, Board Chairman Philip D.

Reed, and Directors Henry S. Morgan, Sidney J. Weinberg, George H. Love, Charles D. Dickey, Robert W. Woodruff, George G. Montgomery, S. Sloan Colt, Lewis B. Williams and Donald K. David. At right are Walter M. Timmerman, General Manager of the Household Refrigeration Department, and Charles K. Rieger, Vice President and General Manager of the Major Appliance Division. Director Thomas B. McCabe attended the meeting the preceding day but could not be present for the tour. Director Neil H. McElroy was unable to attend because of a business trip abroad.



ALKANEX WIRE ENAMEL: this major chemical research development gives the toughest high-temperature film-insulated magnet wire yet developed. It permits increasing the horsepower of motors without increasing size.



DIRECT AMPLIFICATION OF LIGHT was achieved in 1954 by General Electric Research Laboratory scientists. A special kind of phosphor in an electric field can emit ten times more visible light than it absorbs.



RESEARCH IN SILICON promises new materials for electronics applications. Development of multiple crystallization process permits laboratory preparation of silicon of very high purity.

On this and the following pages:

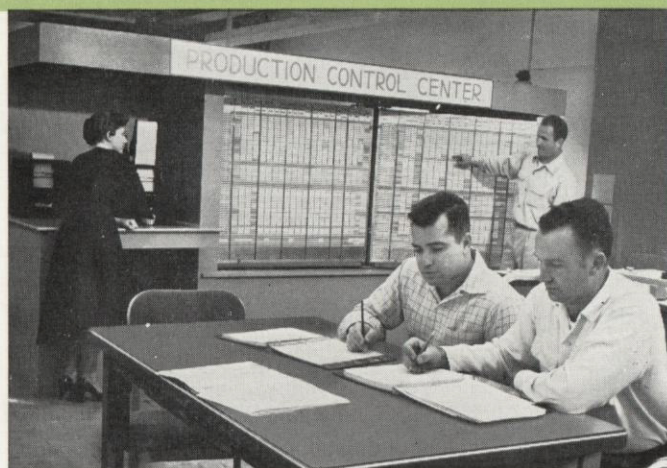
**SOME OF THE
OUTSTANDING 1954
DEVELOPMENTS AT
GENERAL ELECTRIC**



THREE OF TEN TOP YOUNG SCIENTISTS in U.S. industry as picked by *Fortune* are General Electric men: Henry Hurwitz (left), theoretical physicist; John Hollomon, metallurgist; and Leroy Apker, physicist.



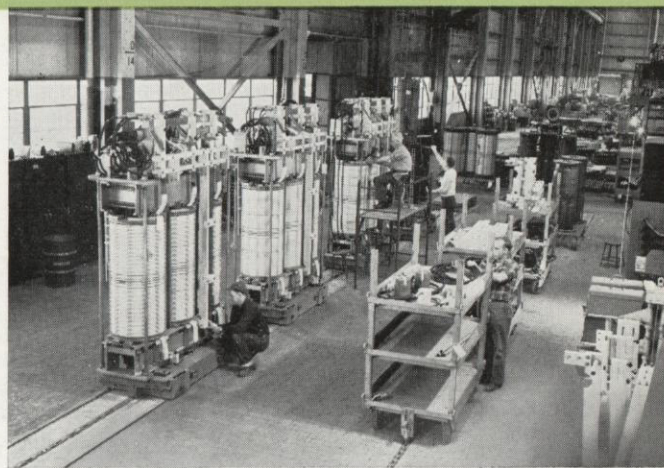
NEW TECHNIQUES FOR MASS-PRODUCING TRANSISTORS are now being applied in the Electronics Division, leading to more widespread use of this electronic development.



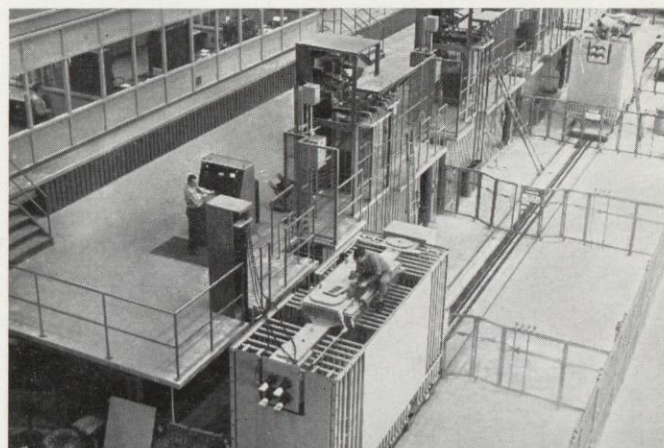
NEW MANUFACTURING METHODS are illustrated in the Company's new medium transformer plant in Rome, Georgia. The production control center above guides the flow of materials so that . . .

IMPROVING PRODUCTIVITY WITH NEW MANUFACTURING METHODS

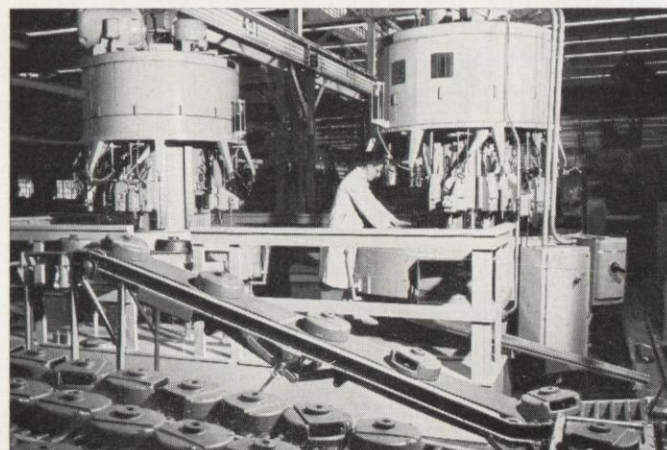
General Electric continued in 1954 to help evolve the new concepts of productivity which are summed up in the word "automation," or continuous automatic production. These concepts include not only the progressive improvement of manufacturing operations but also, and equally important, the accompanying improvement of men's skills to equip them for the better jobs that are created. The Company benefits from its advances in this field both through bettering its own productivity and through the development of new business in the creation of equipment for other manufacturers. In addition to operations at the new plant in Rome, Ga., illustrated above, two other examples of General Electric's 1954 progress in this field are shown below.



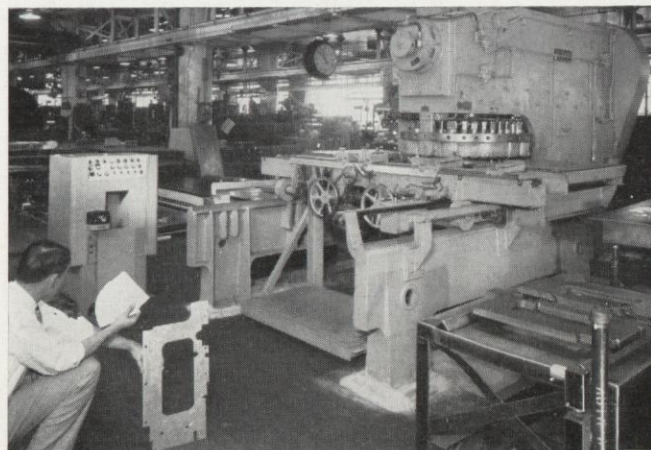
THE RIGHT PART AT THE RIGHT TIME arrives on adjacent continuous assembly lines, providing a new degree of automatic material handling for even "special order" equipment.



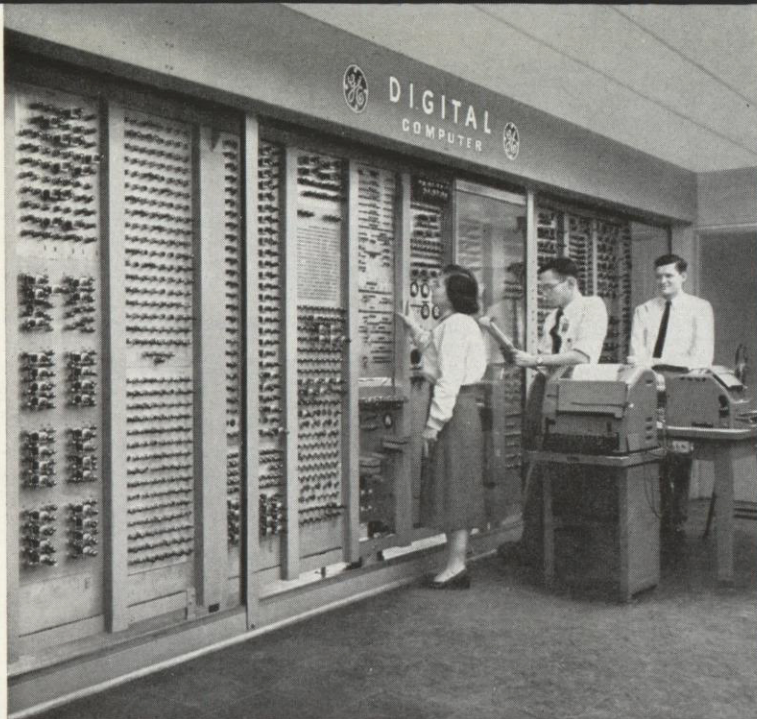
FINAL TESTING of the transformers occurs while they still move on a continuous path to the shipping point. The entire plant has been designed around the paths that parts and subassemblies follow during the production process.



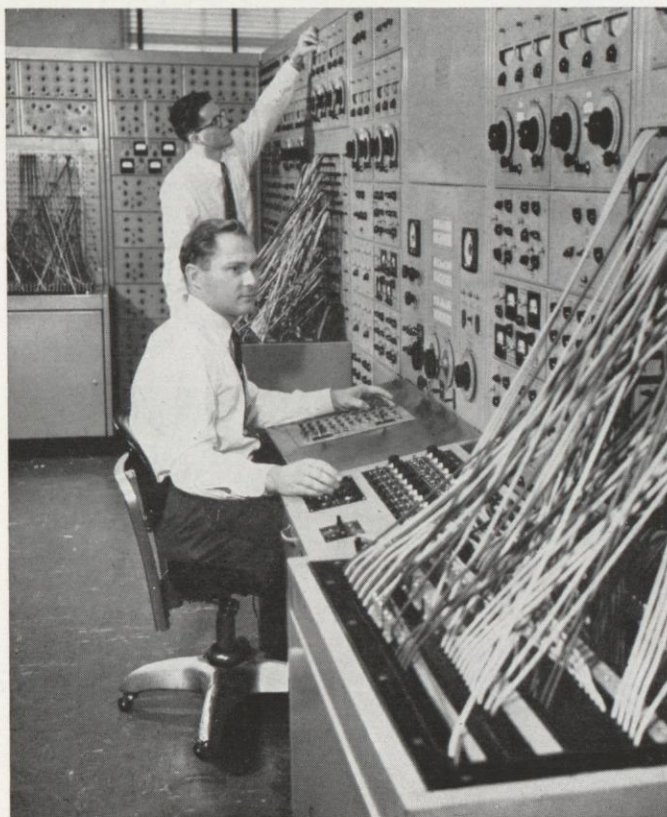
ADVANCED PRODUCTION TECHNIQUES were initiated in many Company locations. Above: automatic conveying of end shields to versatile machining equipment, part of an entirely new production line for the manufacture of medium induction motors at Schenectady.



PUNCH PRESS FOLLOWS INSTRUCTIONS AUTOMATICALLY: punched cards fed into this machine signal it to perform required operations. The automatic control was developed by the Switchgear and Control Division and is used in the Company's Philadelphia plant.



AID IN DESIGNING GUIDED MISSILES and other defense products is given by this digital computer built and used by the Aeronautic and Ordnance Systems Division at Schenectady. Its speed is such that it can make 5000 additions of 5-digit numbers in a minute. In a typical problem, the computer calculates the trajectory of a missile given varying design data and indicates the best design.



NETWORK ANALYZER built by the General Engineering Laboratory determines the most economic operation of power systems. A new calculator added during 1954 cuts calculating time in half.

PROGRESS IN THE USE OF GIANT COMPUTERS

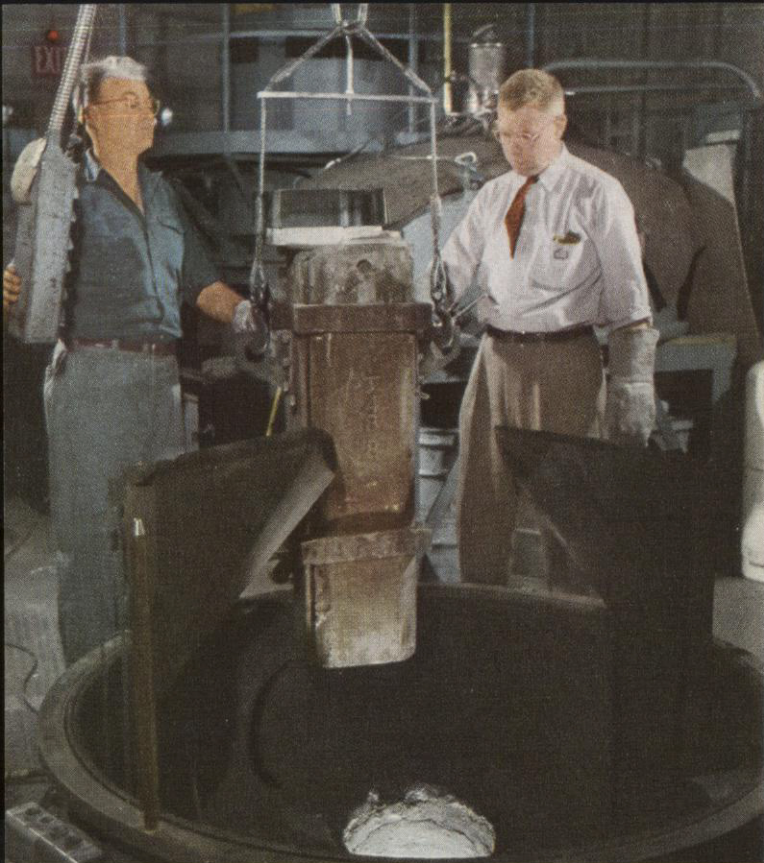
General Electric pioneered both in the development and the application of "electronic brains" in 1954. Computers developed by General Electric were saving thousands of hours of calculations involved in the engineering of complex products. The Company also advanced applications of computers built by other manufacturers.



COMPUTER HANDLES PAYROLLS and other accounting at Appliance Park. *Harvard Business Review* described it as the beginning of a "revolution" in accounting.



SPEEDING TRANSFORMER DESIGN, the Card Programmed Calculator is used to produce in one hour preliminary designs for power transformers that formerly required 20 to 40 hours of mathematical calculations.

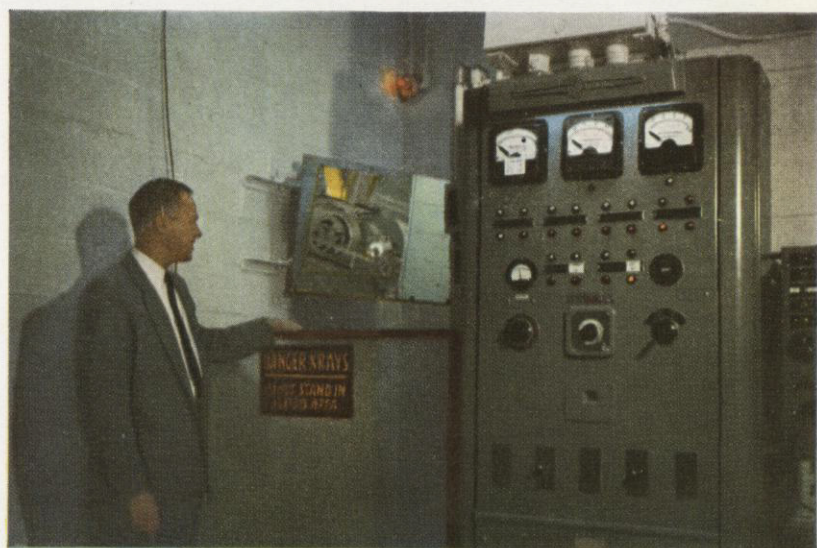


VACUUM MELTING—an example of a Research development put to commercial use by the Carbonyl Department. New alloys made possible by the process are now being produced for jet engines.

**NEW BUSINESSES ARE GROWING
OUT OF GENERAL ELECTRIC
RESEARCH AND DEVELOPMENT**



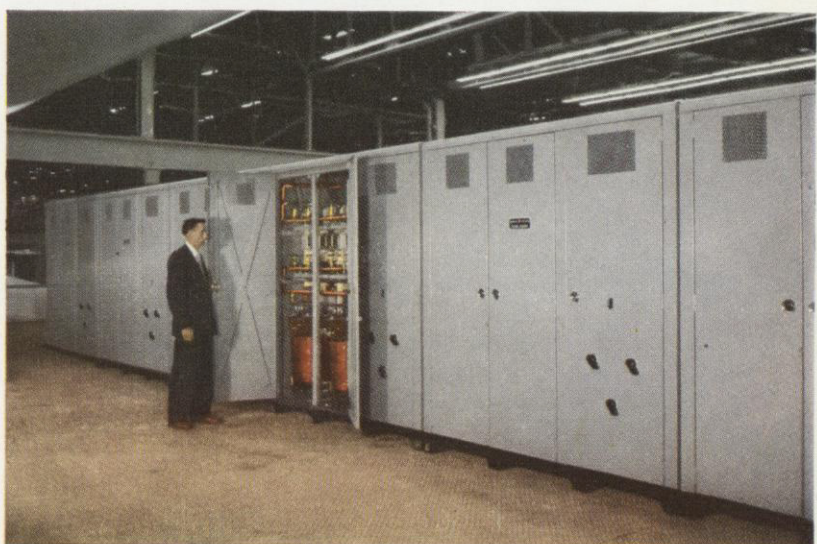
SILICONE COATING ON FLUORESCENT LAMPS was one of the developments that added to the growth of the silicone business in 1954. Coating provides reliable starting in adverse weather conditions.



TOUGHER PLASTICS THROUGH IRRADIATION by cathode rays—a Research discovery of 1953—found its first commercial use in 1954. Circuit breaker coils are now insulated with irradiated plastic.



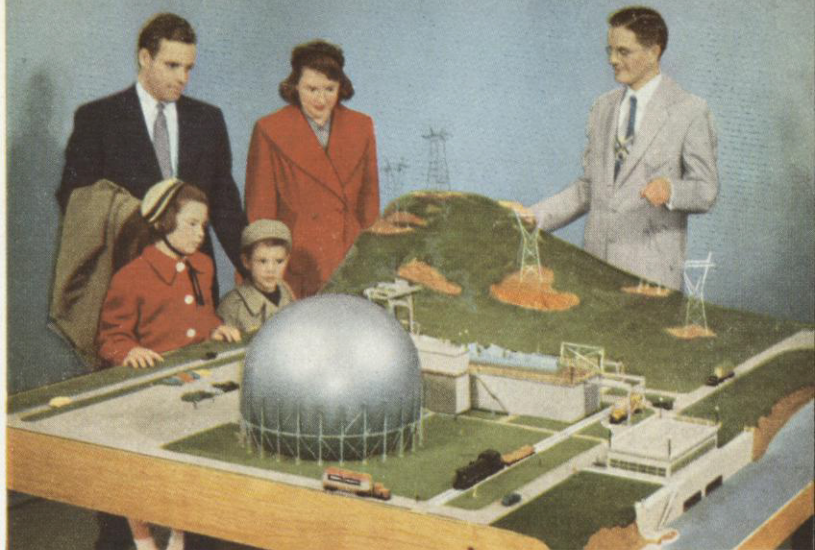
WEATHERTRONS FOR FIRST ALL-ELECTRIC FACTORY. Among the hundreds of new users of the Weathertron, or heat pump, during the year was this southern shoe factory, heated and cooled by 17 units.



A RESEARCH DEVELOPMENT PUT TO WORK is the germanium power rectifier. At Appliance Park, a new installation delivers high current at better than 98% efficiency for anodizing refrigerator parts.

PROGRESS TOWARD ATOMIC-ELECTRIC POWER

MODEL OF ATOMIC-ELECTRIC SYSTEM is one concept of possible scene of the future: atomic reactor might be housed in sphere and harnessed to turbine-generators to supply the electric power needs of a city.



General Electric people during 1954 looked with growing confidence toward the time when firm goals may be established for the harnessing of atomic energy to the commercial production of electric power.

Throughout the year, specialized study groups prepared for the Company's atomic future by evaluating information in the nuclear power field. However, there is much yet to be learned about the performance of nuclear power reactors, and much work to be done before nuclear power can become economically competitive.

The Company's atomic power studies indicated that at least two known types of reactors might be utilized in producing electricity as an effective supplement to the nation's power resources and at costs which ultimately would be competitive with those of conventional systems.

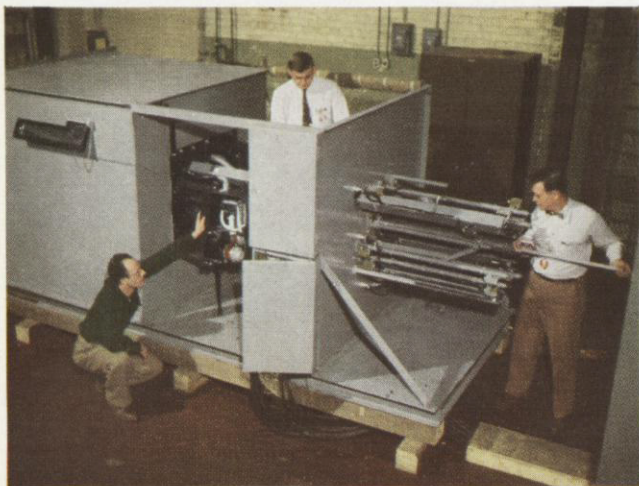
The problems remaining, although difficult, are not impossible to solve. However, the experimental phases of nuclear power reactor development, fabrication, construction and operation will require concerted Company effort. With success in these areas, rapid progress can be

anticipated in the construction of full-scale atomic power plants.

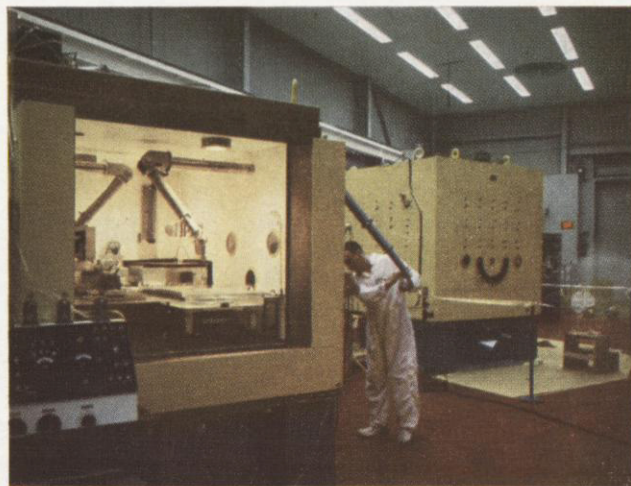
Atomic developments to which General Electric contributed in 1954:

1. Work on construction of a prototype nuclear propulsion plant for Navy submarine, U.S.S. *Sea Wolf*.
2. Commencement of studies, under Government contract, for a more advanced nuclear power plant for another atomic submarine.
3. Continuation of research and development work on nuclear aircraft propulsion for the AEC and the Air Force, and establishment of new reactor test facilities, under that program, at the AEC's National Reactor Test Station near Idaho Falls, Idaho.
4. Growth of the Hanford Atomic Products Operation in Richland, Washington, to a billion-dollar investment managed by General Electric for the Government under contractual arrangement with the AEC for a sum of \$1 for the term of the contract.

Two other developments are illustrated below.



REACTORS FOR RESEARCH: small, low-power reactors can now be supplied by General Electric, subject to applicable AEC regulations, for educational, industrial and medical use.

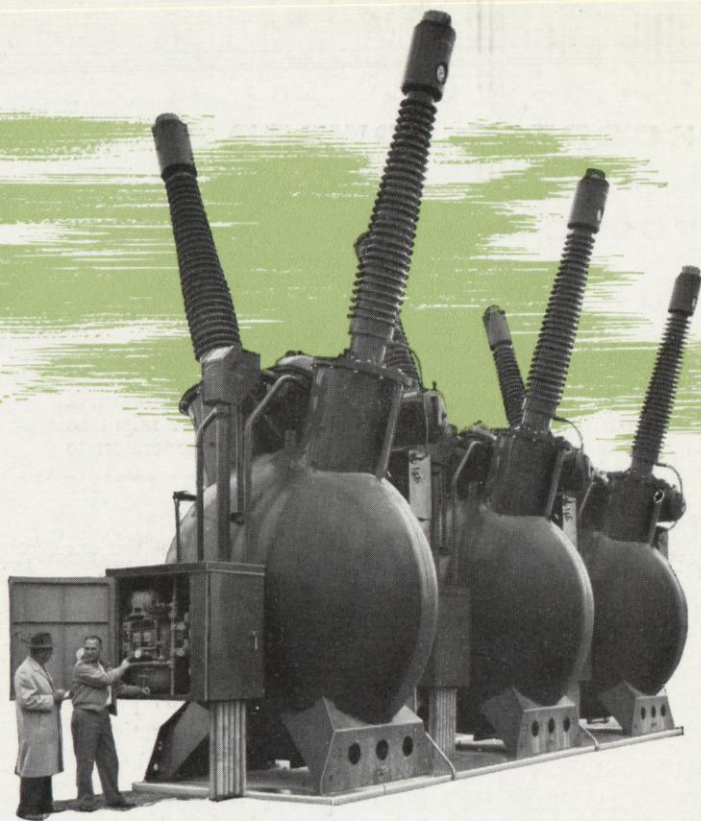


NEW RADIOMETALLURGY LABORATORY of AEC at Hanford uses atoms to advance knowledge of metals. Above: test cell, with remote-control manipulators, for handling radioactive metals.

A YEAR OF HIGH PRODUCTION OF LARGE ELECTRICAL EQUIPMENT

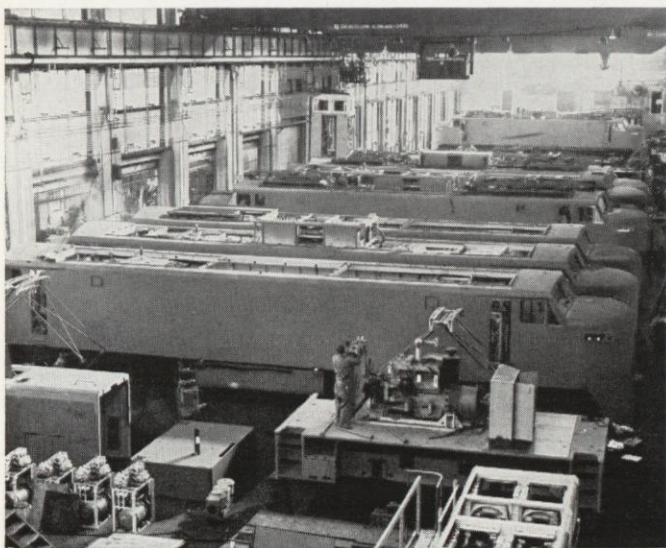
1954 SALES of the Apparatus Group were about equal to those of 1953. Commercial sales held constant, but defense business was down slightly. New orders received for turbines and other large equipment during the final quarter equaled those placed in the first eight months.

A TRILLION KILOWATT-HOURS of electricity will, it is estimated, be used in the U.S. by 1965. This compares with 410 billion kwh used in 1954. General Electric's role in this growth will be that of helping utility companies meet the increased demands both by adding new production facilities and by developing new and better equipment for generating and distributing electric power.

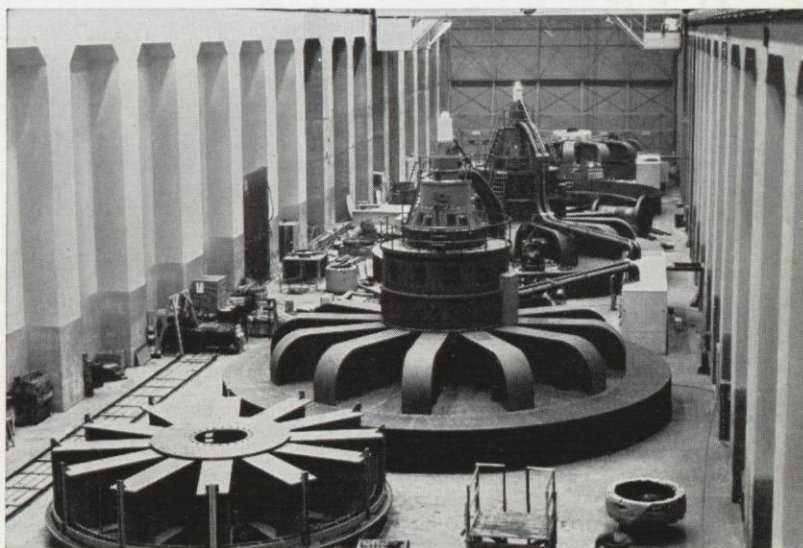


LARGEST CIRCUIT BREAKERS went into use in 1954 as parts of the largest U.S. outdoor substations. They help guard the system which distributes the highest transmission voltage yet used in the U.S.

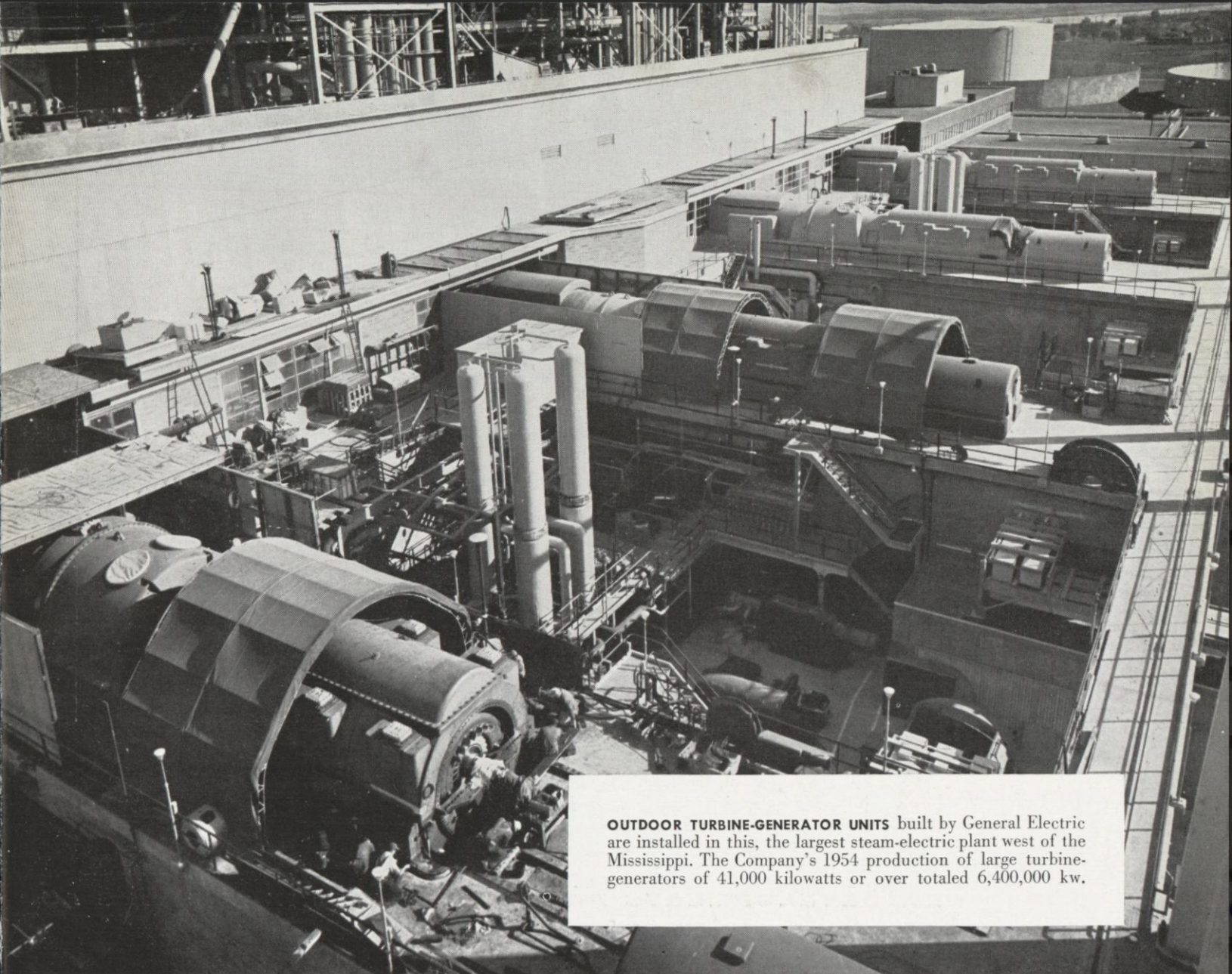
EXPANSION of facilities by the Apparatus Group in 1954 included completion of a medium power transformer plant at Rome, Ga., and starting of construction of plants in Waynesboro and Roanoke, Va., for production of specialty and industry controls. Construction was also started on facilities for production of d-c motors and generators at Erie, Pa.



PRODUCTION OF NEW RECTIFIER LOCOMOTIVES was an outstanding development in the Locomotive & Car Equipment Department in 1954. The 4000-hp locomotives utilize electronic tubes to convert a-c power to d-c power, promising many new railway applications.



BIGGEST PROJECT of the Motor & Generator Division currently is the building of 12 giant hydro-generators for western power production. In 1954 four units, each weighing 1200 tons and generating 70,000 kilowatts, were added to the two installed in 1953.



OUTDOOR TURBINE-GENERATOR UNITS built by General Electric are installed in this, the largest steam-electric plant west of the Mississippi. The Company's 1954 production of large turbine-generators of 41,000 kilowatts or over totaled 6,400,000 kw.



NEW ELECTRIC-GENERATING SYSTEM, adapted for farm tractors, offers a new concept in mobile power. Opportunities are now opened for electrifying trailing equipment, powering electric tools in remote locations and furnishing convenient emergency stand-by power.



PLANNING NEW USE FOR COMMERCIAL GAS TURBINES: the first proposed application of an American gas turbine for propulsion of a merchant ship was made in 1954. The Company has produced over 90% of all commercial gas turbines manufactured in the U.S.



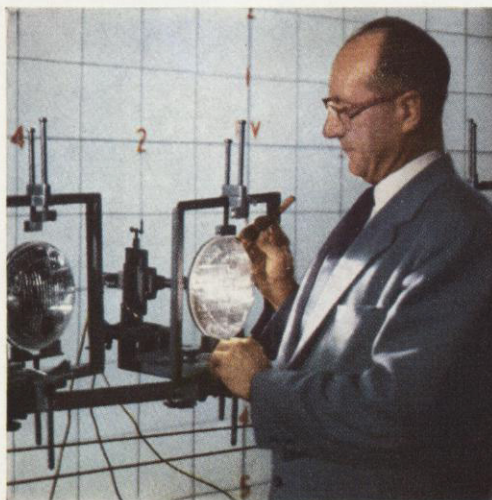
HOME LIGHTING OF THE FUTURE is dramatized in "Celestial Room" exhibited in San Francisco Museum of Art. Incorporating advanced concepts in the integration of interior and lighting design, the room

utilizes light, color and form to produce a new kind of world indoors ranging from dim, subtle tones to strong, colorful effects. Room is highly flexible—capable of being lighted for social activities or for casual reading.

NEW DEVELOPMENTS PROMISE GROWTH IN LIGHTING AND



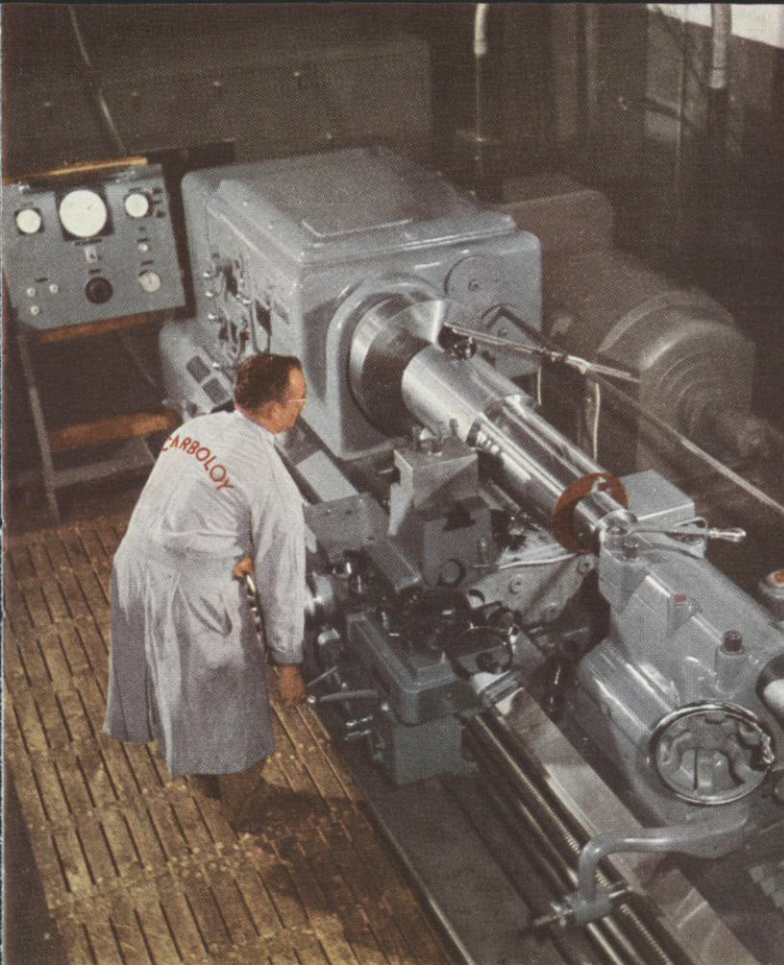
COLOR CONTROL METER was designed specifically for use in color photography. It indicates correct filter for taking pictures under varying light conditions.



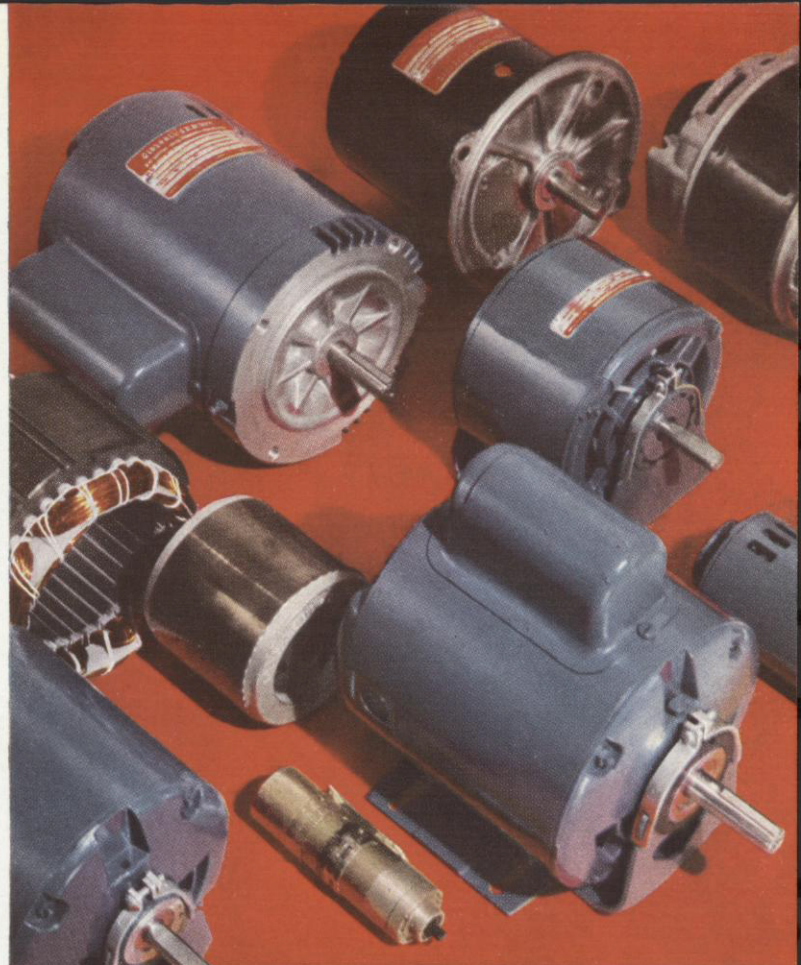
A BRIGHTER HEADLAMP WITH LESS GLARE has been developed to make night driving safer. It gives 25% more light than present beams, lets drivers see pedestrians 80 feet farther ahead.



TINY FLASHBULB, the M2, makes flash photography easier, less expensive. Its popularity has led to introduction of new cameras designed to utilize it.



MAJOR CONTRIBUTION TO METALS INDUSTRY: two new grades of cemented carbides introduced by Carboloy Department cut far more metal per tool dollar expended than has before been possible.



PRODUCTION OF 100 MILLIONTH fractional-hp motor by General Electric came in 1954—a 52-year achievement. Increasing demand is expected to require next 100 million by 1965.

INDUSTRIAL PRODUCTS

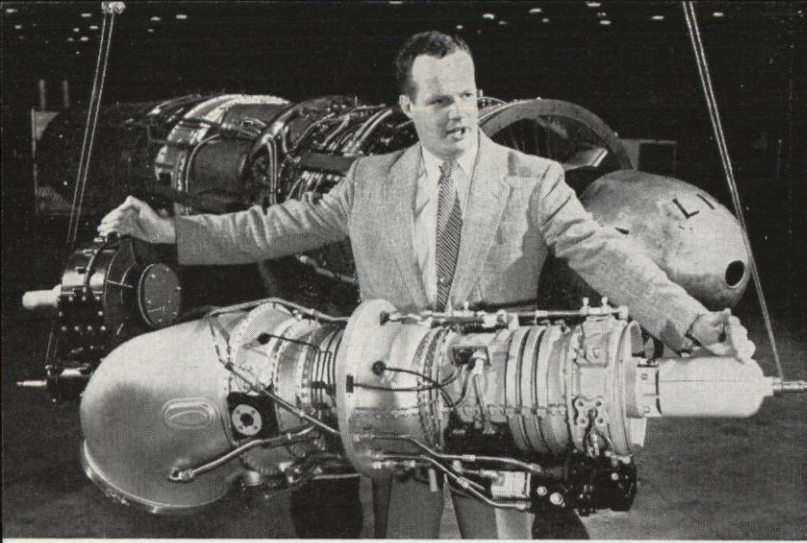
NEW LIGHTING CONCEPTS advanced by the Company's Lamp Division won public acceptance in 1954 to the degree that the Division had its biggest sales year. Other Divisions of the Industrial Products and Lamp Group are similarly working towards long-range increases in sales volume. The Construction Materials Division, for example, is promoting ideas for improved wiring in homes and other buildings. The Component Products Division is developing new uses for small electric motors.

IN 1954, however, these new developments had not caught on sufficiently to offset other downward pressures affecting the Group's sales. A major part of the Group's business is that of supplying components to other manufacturers. The inventory adjustment undergone by these customers in 1954 had an adverse effect on sales, which were also affected by the decreases in defense business. Colder-than-normal summer weather in the East slowed up the air conditioning industry's growth and lowered demand for fractional horsepower motors.



BETTER WIRING is needed throughout the nation as the use of electrical equipment increases. One new solution: exterior raceways to provide supplementary wiring where interior wiring is inadequate.

DEVELOPMENTS FOR U.S. DEFENSE



BABY GAS TURBINE for helicopters, designated the XT58, is being developed by General Electric for the Navy's Bureau of Aeronautics. The new engine is expected to be the forerunner of a complete range of new products in the small aircraft engine category.



TURBINE FOR SUPERCARRIER is one of four completely new-type steam turbines which will make the *Saratoga* the most powerful ship afloat when it is completed in 1956. General Electric is building the turbines for three of four new Navy aircraft carriers.



NEW COMPONENT DEVELOPMENT LABORATORY activated at Company's Aircraft Gas Turbine Division, Evendale, Ohio, is used around the clock by engineers and scientists in pursuit of more efficient and better performing components for jet engines.

IN 1954, sales of the Atomic Energy and Defense Products Group continued the slow decline that began in 1953. The 1954 drop was not, however, as great as expected.

IN 1955 a further decline is expected. In the Aircraft Gas Turbine Division heavy emphasis is being placed on developmental work. The J47 jet engine developed by General Electric has been the workhorse of the U.S. jet air fleet, but new, more powerful engines are needed for supersonic planes. The first of these developed by the Company is the J73, which achieved significant production in 1954. The Division also built and ran a new, high-efficiency engine in 1954 which embodies an entirely new set of principles. The Company's engineers believe it to be the most advanced design in the industry. The Aeronautic and Ordnance Systems Division concentrated its developmental work on some of the most difficult of defense projects: automatic pilot equipment, hydraulic drives for aircraft electrical systems and gunfire control systems.



NEW AUTOPILOT AMPLIFIER, pictured at right, typifies the work of the Aeronautic and Ordnance Systems Division. It is 30 per cent smaller and lighter than older unit, yet does a better job.



LARGEST CONCENTRATION OF COMMERCIAL GAS TURBINES is this group of ten on a platform in Lake Maracaibo, Venezuela. The installation, completed in 1954, marks the first use of gas turbines for oil field repressurization to increase the oil yield.



TV IN THE CARIBBEAN was extended in 1954 when International General Electric equipped this new station in Puerto Rico. As powerful as many U.S. stations, the television signal covers all of Puerto Rico and is heard in adjacent islands.

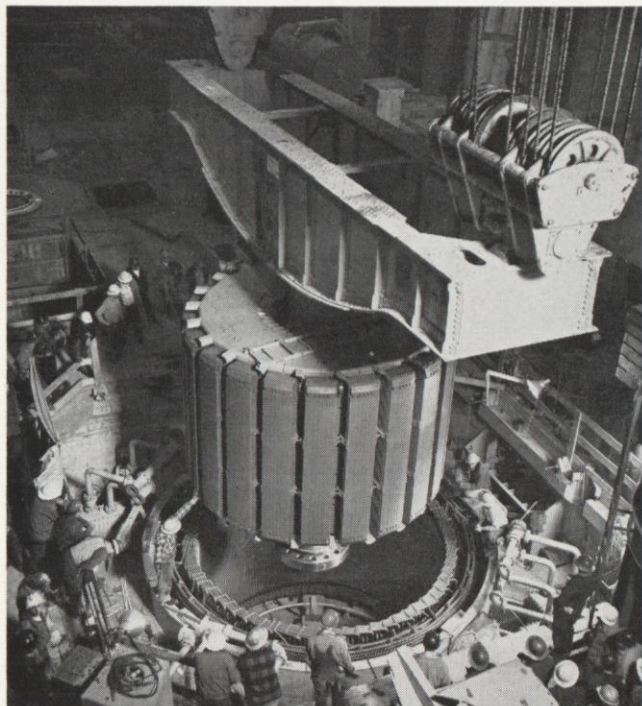
GENERAL ELECTRIC

PRODUCTS FOR OTHER LANDS

INTERNATIONAL GENERAL ELECTRIC export orders during 1954 were up 10 per cent over the previous year. Affiliated Companies overseas also showed an increase in total orders received. These increases were in the face of rising competition from European manufacturers, particularly in the South American markets. In some

countries, especially in Latin America, business operations were complicated by unsettled currencies.

CANADIAN GENERAL ELECTRIC COMPANY sales in 1954 were slightly higher than in 1953, even though Canada's gross national product dropped two per cent—the first decrease in nine years. Earnings were substantially below the 1953 peak, due largely to increased competition from foreign suppliers with low labor costs. Outlook for the Company in 1955: maintenance of sales levels, with slightly improved profit margins.



ONE OF 1954's OUTSTANDING ACCOMPLISHMENTS of the Canadian General Electric Company was the supplying of electrical equipment to the new aluminum industry developing in British Columbia. Here a giant generator rotor is lowered into place.



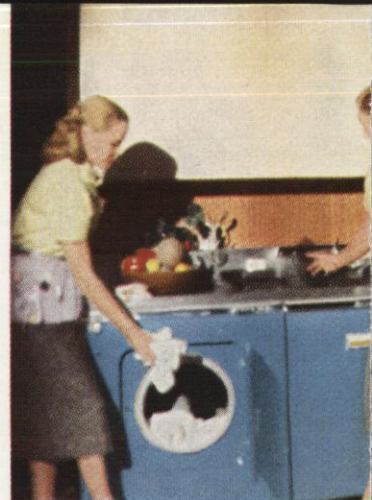
CANADA'S LARGEST: completion in 1954 of Canadian General Electric's Guelph Works marked the largest single expansion in the history of Canada's electrical industry. Above: the 800-foot main assembly bay, with 65,000 sq. ft. of factory floor space.



CONVERTIBLE RADIO is a clock-radio powered by normal house current whose radio section can be detached for use as a battery-powered portable.



WALL-MOUNTED OVENS and built-in surface units, introduced by Hotpoint (above) and Major Appliance Divisions, are designed to minimize cooking efforts.



PORTABLE STEAM IRON is ideal for traveling. It weighs 1¾ pounds, has folding handle, works on AC or DC. With bulb detached it's a dry iron.



LO-BOY TELEVISION set reflects the current trend toward low furniture lines. Screen is at a comfortable viewing angle for person sitting in modern lounge chair.



AUTOMATIC WINDOW FAN can cool rooms with its powerful 20-inch blade. Control operates fan according to chart.



RAPID RECOVERY WATER HEATER is fast—heats water to 150° in 33 minutes, delivers 50 per cent more hot water daily than standard heaters.



ROOM AIR CONDITIONER fits flush with inside walls, doesn't hinder movement of draperies or Venetian blinds. Line includes units that both heat and cool.



AUTOMATIC COFFEE MAKER brews cups of coffee, re-heats without extra-powerful heating unit to save energy.



PUSH-BUTTON HEATING PAD has three heat settings and controls that glow in the dark. It's waterproof, with cover that zips off for washing.



WALL-MOUNTED REFRIGERATOR-FREEZER, a new concept in refrigerator design, frees floor and counter space. All of its food shelves are placed within easy reach.



YEAR-ROUND AIR CONDITIONER—a home heating and cooling development by the Heating and Air Conditioning Division—won broader public acceptance.



ELECTRIC KITCHEN CENTER

A revolutionary idea in kitchen design is shown in this multiple-exposure photograph—a single kitchen center with built-in appliances that include a combination washer-dryer, Disposall-equipped sink, automatic dishwasher and electric range complete with storage drawer. The "packaged" unit can be installed simply and easily in any type of kitchen.



as many as five
le. Thermostat con-
ges in temperature.



NEW CLOCK DESIGNS include "Showpiece" (left), ceramic kitchen clock, "Tele-Jour" calendar clock and new Telechron auto clock with sweep-second hand.



from two to nine
ut re-perking, has
peed coffee-making.



COMBINATION WASHER-DRYER has completely automatic controls, compact size and can be installed in a wall, under counter top or left free-standing.



matching units for
ed by the Air Condi-
tic acceptance in '54.



PORTABLE DISHWASHER has features of a plumbed-in model, plus mobility. It connects to any kitchen faucet, requires no plumbing or other installation expense.

1954 DEVELOPMENTS

IN NEW PRODUCTS

FOR BETTER LIVING

1954 SALES of the Appliance and Electronics Group rose above those for 1953 despite the fact that sales of consumer durables for the industry in general were lower. Each of the businesses comprising the Company's Major Appliance Division improved its market position. Television business of the Electronics Division showed a marked advancement in its industry position, and the Division as a whole had higher sales than in 1953. Both the Hotpoint Company and Small Appliance Divisions shared in the Group's increased business. The Air Conditioning Division had its biggest year in spite of cooler-than-normal summer weather in the East.

FOR 1955: the slow but steady improvement in appliance sales which began in April, 1954 should continue through 1955. With Appliance Park at Louisville, Ky., more than 95 per cent completed, General Electric has unexcelled facilities for meeting the continued growth in demand.

DISTRIBUTION STUDY BEGUN. During 1954 a team of General Electric people began an intensive Consumer Goods Distribution Study Project. The plan is to re-examine the whole system by which consumer goods reach the ultimate buyer, in order to create a better understanding of what is required to market products more efficiently.

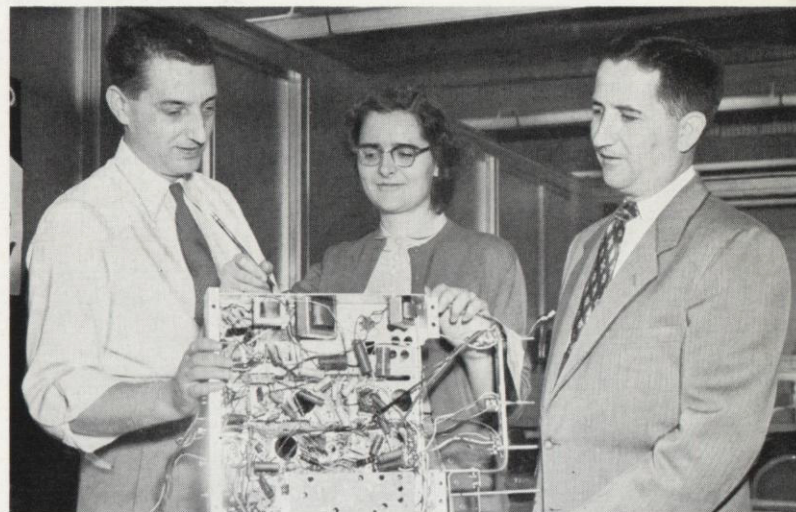
NEW WEATHERTRON, completely redesigned and engineered, was put into production late in 1954. Sales of this all-electric method for home heating and cooling were doubled over those of the preceding year.

COLOR IN THE KITCHEN and laundry is simplified by a new program introduced by General Electric in 1954. The program enables the home owner not only to purchase appliances in attractive colors but to secure paints of the same hues for decorating the entire room. The program's five mix-or-match colors, plus white, will be offered by leading paint manufacturers.

THE GOOD WILL of employees, plant-community neighbors and the public generally is an important asset to General Electric, helping to build a favorable atmosphere for the Company's operations. Pictured here are some of the important steps of progress in these relations during 1954.



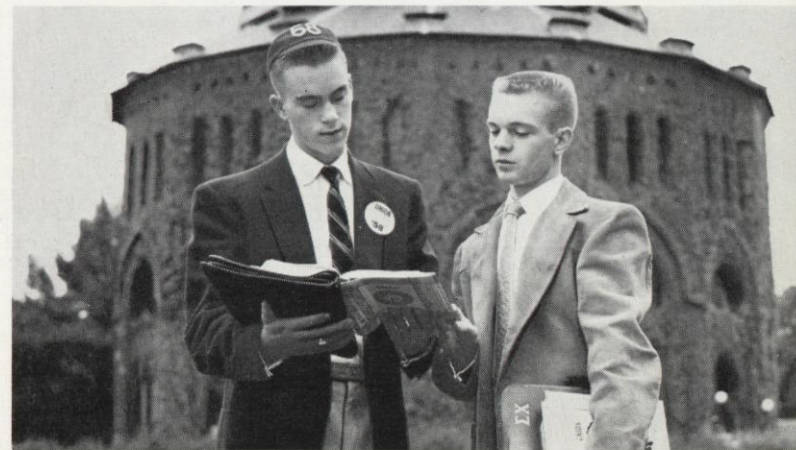
LIBERALIZED PENSION PLAN resulted when the Company waived its right to reduce payments to certain classes of pensioners by reason of changes in the Social Security law. A second highlight: the payment of the millionth dollar under provisions of the Pensioners' Hospitalization Plan. Above: Earl Carrier and Mrs. Carrier, of Schenectady, N. Y., receive the payment from Leo McDermott.



IMPORTANT CONTRIBUTIONS to the Company's progress come from the constant flow of ideas from employees. In 1954, awards were made for 31% of the suggestions submitted. Typical was Mrs. Carmela Bernardi's idea to reduce costs and improve television production efficiency. She is shown above explaining her award-winning suggestion to supervisors Michael Gulick (left) and John Marino.



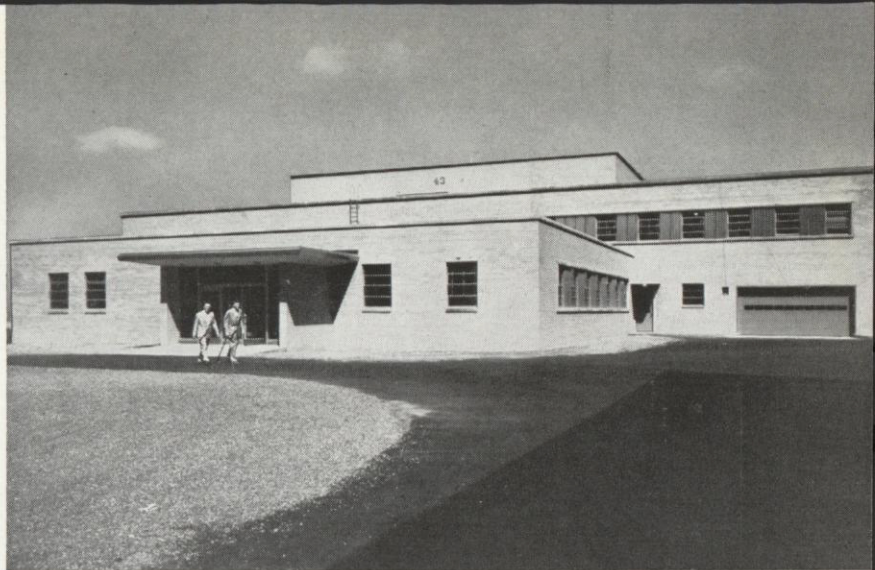
NEW SUPPORT FOR COLLEGES: announced late in 1954 was the new Corporate Alumnus Program under which the General Electric Educational and Charitable Fund will contribute to accredited colleges or universities in amounts equal to contributions received during 1955 from employees holding earned degrees from these institutions up to \$1000 per employee. Shown above reviewing the plan are Howard B. Matthews (left) and Victor L. Butterfield, Treasurer and President respectively of Wesleyan University.



CONTINUED SCHOLARSHIP AID is another program in which the Company is interested. Two of 386 recipients in 1954 are Lawrence Robertson (left) and Richard Konys, sons of General Electric employees. The program itself demonstrates the Company's belief in industry's dual responsibility in this field: helping to train the skilled personnel it demands and helping meet the need for well-educated men and women who can keep pace with the nation's social and technological growth.



A DRAMATIC WELCOME was staged by the people of Shelbyville, Indiana, in novel ground-breaking ceremonies for General Electric's new plant. Several hundred citizens with their own shovels planted the General Electric symbol in Indiana's soil.



NEW CLINIC at Schenectady, dedicated in 1954, is regarded as one of the finest industrial medical facilities in the country. Completely modern throughout, it serves as a dispensary and emergency facility for employees, and in addition houses an industrial hygiene laboratory.

PLANS THAT CONTRIBUTE TO JOB SATISFACTION AT GENERAL ELECTRIC

Employee Compensation and benefits costs applicable to sales in 1954 were \$1,119.9 million. Details are included in the Financial Review on page 23. The plans described here are examples of 23 benefit programs which the Company helps support in the interests of its employees.

Pension Plan—The Company has been a pioneer in the pension field, having established its plan originally in 1912. The increases in Social Security during 1954 were passed on to those pensioners retired under the former plan or receiving the guaranteed minimum, most of whom under the terms of the plans would not otherwise have received this increase. Those pensioners who retired before Social Security became effective were given an equivalent increase. On December 31, 1954, 193,000 employees (94% of those eligible) were contributing participants in the plan. Payments to retired employees during the year totaled \$14.8 million, and at the end of 1954 payments were being made to 15,621. Assets of the Pension Trust at the end of 1954 totaled \$570,080,020.

Hospitalization and surgical insurance up to a maximum of \$500 during their retirement years is provided to eligible retired employees without cost to them.

Insurance Plan—Total cost of the Company's insurance plan for employees amounted to \$27.5 million for 1954, of which \$12.6 million was paid by the Company. The plans provide protection against many emergencies, including death and non-occupational disability. Benefits paid under all plans for 1954 aggregated \$25.7 million. Approximately 98% of all employees are now members.

Savings and Stock Bonus Plan—Employees purchase U.S. Savings Bonds by payroll deduction and receive a 15% bonus in General Electric stock on the purchase

price of bonds left on deposit for a specified five-year period. With completion at the end of 1953 and 1954 of the first two holding periods there have been distributed a total of 197,720 shares of General Electric stock to approximately 40,000 employees.

Suggestion Plan—28,896 awards aggregating \$611,000 were made to eligible employees during 1954 for adopted suggestions concerning improvements in the Company's products and operations.

Educational assistance program—Educational scholarships, fellowships and loans amounting to \$265,000 were granted in 1954 to 386 employees, children of employees and retired employees, and others, by the General Electric Educational and Charitable Fund. An additional plan, the new Corporate Alumnus Program, is described on the opposite page.

Incentive Compensation—This plan was first formalized in 1923 and approved in its present form by the Share Owners in 1951. Incentive Compensation is awarded by the Compensation Committee (none of whom is eligible to participate) of the Board of Directors to individually selected employees of the Company in managerial or other important positions who contribute materially to the success of the Company's business. The amount set aside based on the Company's 1953 net earnings was \$11,200,000, of which \$9,699,963 was allotted.

Other benefits—The Company provides paid vacations, reduced prices to employees on purchases of Company products, payment for specified holidays and military duty allowances. Other 1954 payments made by the Company include Social Security taxes of \$15.4 million, and payments of \$8.8 million to state unemployment funds.

FINANCIAL REVIEW

EARNINGS A RECORD \$213 MILLION... SALES ALMOST \$3 BILLION... DIVIDENDS INCREASED

Principal financial developments for the General Electric Company during 1954 included:

- The highest net earnings in the Company's history.
- A new record for cash dividends.
- The second highest annual sales billed.
- Expenditures at record high levels for new laboratories, plant and equipment.

Earnings per share rise to \$2.46

Earnings for 1954 of \$212.6 million were a new high for the General Electric Company. They were 28% more than 1953 earnings of \$165.7 million.

Earnings were \$2.46 a share, compared with \$1.92 in 1953 and \$1.75 in 1952 (on the basis of average number of shares outstanding, adjusted for the change to present \$5 par value common stock).

For each dollar of total revenue, 1954 earnings were 7.1 cents, compared with 5.2 cents the year before and 5.7 cents in 1952.

Cash dividends reach a new high

On the basis of the present stock, dividends declared were \$1.53½ a share, a new high for the Company. Dividends of 33½ cents were declared in the first quarter and 40 cents in each of the next three quarters. Dividends declared represented 63% of earnings in 1954 compared with 74% in 1953 and 57% in 1952.

Cash dividends paid, also a new high, amounted to \$1.46½ a share—33½ cents a share paid in January and

April 1954, and 40 cents a share in August and October 1954. This was 10% more than the \$1.33½ paid in 1953, and 47% more than the amount paid in 1952.

Second highest annual sales

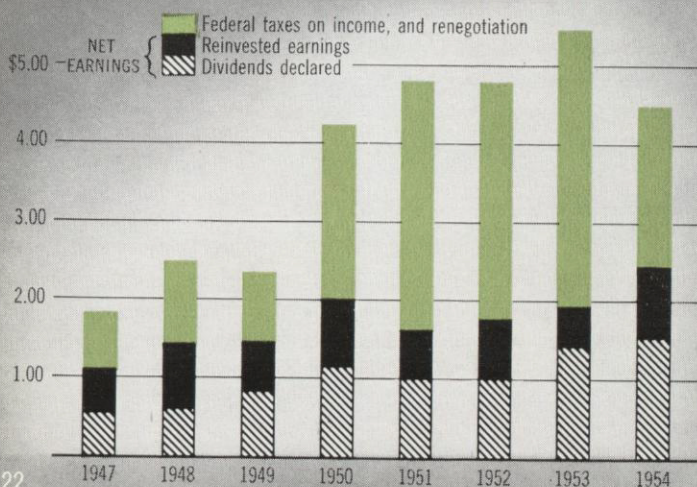
Sales of \$2 billion 959 million in 1954 were the second highest in the Company's history, exceeded only by 1953 sales of \$3 billion 128 million. They were 13% above 1952 sales of \$2 billion 624 million. The decline from 1953 amounted to \$169 million or 5%.

Most of the sales decline occurred in the Company's defense business, with output of those departments devoted solely to defense production being most affected by this decline. Output for defense purposes of other departments was also lowered by the reduced rate of Federal defense spending.

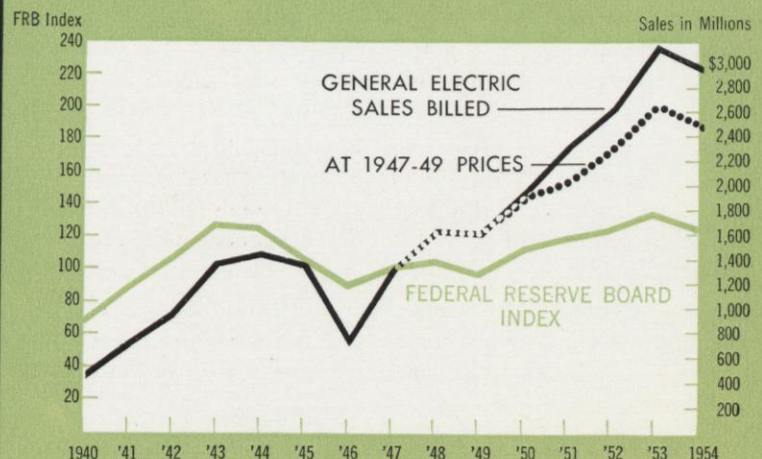
Sales of commercial lines were within 2% of the record 1953 level. Increases in commercial sales for more than one-third of the Company's departments were offset by sales declines in other areas, particularly in those lines furnishing component products for other manufacturers.

The national level of industrial activity is probably best measured by the Federal Reserve Board Index of Industrial Production. This index, which is compared with General Electric sales on the chart below, went from 134 in 1953 to 125 in 1954, a decline of 7%. This compares with the decline in General Electric sales for the same period of 5%, including the diminished defense business, and the reduction of less than 2% in commercial sales.

Earnings and Federal Taxes
PER SHARE OF PRESENT STOCK



Sales vs Federal Reserve Board Index of Industrial Production
(1947-49 = 100)



How the General Electric Income Dollar was Distributed in 1954



(Amounts in millions)			
SUMMARY OF OPERATIONS FOR	1954 . . .	1953 . . .	1952
Sales of products and services to customers	\$2,959.0	\$3,128.1	\$2,623.8
Dividends, interest and other sundry revenue	32.9	45.6	28.5
TOTAL REVENUE	2,991.9	3,173.7	2,652.3
Employee compensation and benefits applicable to sales	1,119.9	1,146.7	975.0
Federal taxes on income, and renegotiation	178.0	308.5	264.0
Depreciation of plant and equipment	79.5	67.3	59.7
Interest and other financial charges	0.7	0.9	0.2
Materials, parts, supplies and all other costs, expenses and charges	1,401.2	1,484.6	1,201.7
TOTAL COSTS AND EXPENSES	2,779.3	3,008.0	2,500.6
NET EARNINGS	\$ 212.6	\$ 165.7	\$ 151.7

Sundry revenue \$33 million

Dividends, interest and other sundry revenue amounted to \$32.9 million in 1954. This was a decline of \$12.7 million from the year before.

As noted in last year's Annual Report, sundry revenue for 1953 included nonrecurring income of \$16.2 million from disposition of certain foreign and domestic securities. Similar dispositions in 1954 resulted in only \$4.6 million of sundry income, a decline of \$11.6 million.

Number of employees averages 210,151

The average number of employees during 1954 totaled 210,151, compared with 222,070 in 1953. The reduction of 11,919 resulted principally from the lower volume of defense business. Despite this decline, the number of employees last year was higher than for any year prior to 1953.

Employee compensation and benefits applicable to sales amounted to \$1 billion 120 million in 1954. This was somewhat less than the \$1 billion 147 million for the year before, but was 15% larger than the comparable \$975 million for 1952.

In addition, compensation of 10,805 employees at atomic projects operated for the United States Govern-

ment at Hanford, Washington and Schenectady, New York amounted to \$63.0 million. While these individuals are all employed by General Electric, costs and expenses of these projects are not included in the Company's financial statements.

Unusual expenses in 1954

In 1954 there was a change in the Company's vacation plan. Under the revised plan, eligible employees qualified for their 1955 vacations as of the end of 1954. As a result, the Company had a liability at the end of last year for these employee vacations.

The Company's costs and expenses for 1954, therefore, include provisions for both the 1954 and the 1955 vacations which were only partially offset by other cost adjustments.

Starting and relocation costs required for the Company's substantial expansion program were another type of additional expense incurred last year. It is recognized that some starting costs associated with getting new plants and new lines into production will always be present in a growing company. The estimated \$63,000,000 for such costs in 1954 represents

a higher level than has normally occurred in past years; this level of expense is expected to continue for several years.

Also tending to increase 1954 costs was the stepped-up rate of expenditure—to the highest level in Company history—for research and development work.

Federal taxes on income decreased

The amount provided in 1954 for Federal taxes on income and renegotiation was \$178 million. This was a decrease of \$130.5 million, or 42%, from the \$308.5 million provided in 1953. In 1954, taxes were \$2.06 a share, compared with \$3.56 in 1953.

The decline in the Company's 1954 Federal income tax bill was caused primarily by expiration on December 31, 1953 of the so-called "excess profits" tax, for which \$72.9 million, or 85 cents a share, was set aside in 1953.

To a much lesser extent, the Company's 1954 taxes were also affected by certain provisions of the new Federal tax law enacted last year. The Company has always provided for estimated expenses out of current income in accordance with generally accepted accounting principles. For example, the estimated cost of fulfilling product warranties has been provided out of income in the year that the sale was recorded. Prior to 1954 such expenses were not allowed as tax deductions until the expenditures were actually made.

The Internal Revenue Code of 1954 permits the timing of such deductions to be changed to agree with the generally accepted accounting principles which the Company has been following. The effect on 1954 income tax is to include such estimated expenses with regard to products sold in 1954, in addition to 1954 expenditures for prior years. This change reduced taxable income and, therefore, Federal taxes for the year 1954 only.

Another part of the new tax law authorized new timing on depreciation. More of the cost of a new facility may now be claimed for tax deduction purposes in the

early years of asset life, with lower deductions in the later years of life. Commencing in 1954, the Company intends to elect those methods of depreciation for tax purposes which will give the maximum allowable tax deduction in the early years of life of plant and equipment.

For the last two decades the Internal Revenue Service has allowed depreciation for tax purposes at rates lower than those used by the Company in computing its actual depreciation. This resulted in larger taxable than actual income, hence increased Federal taxes.

The new tax depreciation methods apply only to additions to plant and equipment made in 1954 and subsequent years. Because of the lower tax depreciation on existing assets, the additional tax depreciation on 1954 additions was still not sufficient to bring the total tax allowance for depreciation up to the Company's actual depreciation on a straight-line basis for 1954.

Net working capital \$324 Million

Net working capital at the close of 1954 amounted to \$324 million compared with \$370 million a year previously. This term refers to the excess of current assets (such as cash, inventories and accounts receivable) over current liabilities (obligations payable within one year).

The source and uses of working capital for the last three years are tabulated below. The additional working capital required for increased plant expansion and modernization expenditures in those years is clearly shown.

While the funds required for this expansion and modernization program have resulted in some decrease in working capital, the working capital and cash resources at December 31, 1954 were adequate to take care of anticipated current needs of the Company.

Cash and marketable securities held by the Company at the end of 1954 totaled \$307 million, a decrease of \$128 million or 29% from the amount at the end of 1953.

(Amounts in millions)

CHANGES IN NET WORKING CAPITAL DURING 1954 1953 1952			
NET WORKING CAPITAL AT JANUARY 1	\$370.4	\$398.7	\$352.5
ADDITIONS:			
Net earnings for the year	212.6	165.7	151.7
Depreciation of plant and equipment	79.5	67.3	59.7
	<u>662.5</u>	<u>631.7</u>	<u>563.9</u>
DEDUCTIONS:			
Expenditures for plant and equipment	158.8	141.0	123.1
Dividends on common stock	131.4	121.6	85.9
Net Advances to Nonconsolidated Affiliated Companies	19.7	6.9	46.2
Increase in holdings of Treasury Stock for corporate purposes	14.2	2.4	3.4
All other—net	14.6	10.6	1.0
	<u>338.7</u>	<u>261.3</u>	<u>165.2</u>
NET WORKING CAPITAL AT DECEMBER 31	<u>\$323.8</u>	<u>\$370.4</u>	<u>\$398.7</u>

Inventories after reserves were \$489 million at December 31, 1954, compared with \$641 million at the end of 1953, a decrease of \$152 million or 24%. This substantial decrease was related in large part to the decline in the Company's defense business. A contributing factor was an effort to decrease the investment in inventories on commercial lines through more effective control of existing inventories.

The chart at the right shows that inventories have not, in general, risen as rapidly as sales levels. In fact, the ratio of inventories to sales of 16.5% at the end of 1954 was lower than it had ever been in any year of peace-time operations.

Progress collections arise from the Company's contracts for manufacture of large units of electric apparatus and defense products which specify that the customer will pay for work performed as production progresses. Such collections at the end of 1954, applicable to work then in progress, totaled \$268 million, a decrease of \$121 million from the close of 1953. Most of this decline arose because of the lower volume of defense contracts.

Price adjustments accrued represent estimated amounts payable mostly under contracts for defense materials. Adjustments of this type arise when the Company is able to produce the materials for less than estimated costs used when the original prices were negotiated. There was a reduction in this accrual from \$87 million at the start of 1954 to \$16 million at the close of the year.

Progress collections and price adjustments accrued represent, essentially, partial payments against inventories and receivables. It is necessary, therefore, to deduct these items in determining current assets.

Investments increase \$40 million

The Company's investments amounted to \$212.5 million, an increase of \$40 million, or 23%, over the previous year-end. Details of investments for the last three years are presented in Note 4 on page 30.

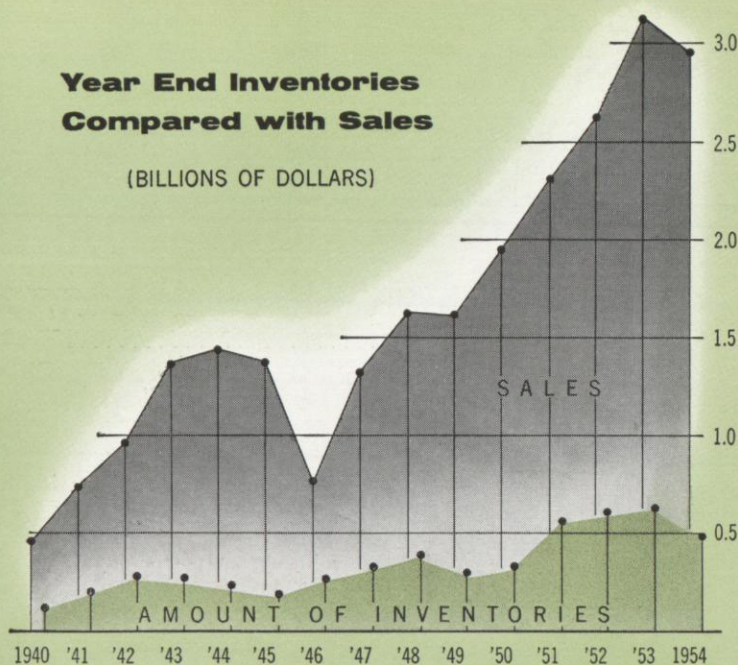
The major portion of the Company's investments is in its nonconsolidated affiliated companies. Data for the three principal companies in this category are presented in the following paragraphs:

General Electric Distributing Corporation (100% owned), which conducts a wholesale distribution business through its three Divisions—General Electric Supply Company, General Electric Appliances Co. and Hotpoint Appliance Co. Branches are operated in more than 150 cities throughout the United States. Loans from the Company to this affiliate were \$2.9 million at the end of 1954, compared with \$0.5 million at the beginning of the year. Operating results for the Corporation follow:

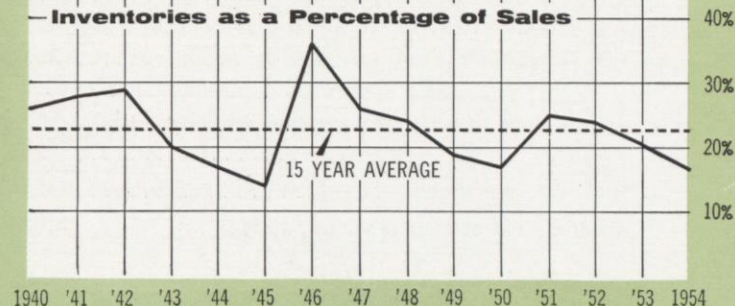
	(In millions)	
	1954	1953
Sales.....	\$603.0	\$598.5
Net earnings.....	6.2	4.4
Dividends received by General Electric.....	4.2	3.8

Year End Inventories Compared with Sales

(BILLIONS OF DOLLARS)



Inventories as a Percentage of Sales



Canadian General Electric Company, Ltd. which manufactures and sells General Electric products in Canada. Operating data for this Company were:

	(In millions)	
	1954	1953
Sales (Canadian dollars).....	\$210.9	\$205.1
Net earnings (Canadian dollars).....	7.1	11.0
Dividends received by General Electric (U.S. dollar equivalent).....	1.3	2.2

During 1954 ownership of the common stock of this affiliate was increased to 99.4% by purchase of an additional 2,274 shares. These were acquired in connection with an offer made in 1953 to purchase shares held by minority share owners.

General Electric Credit Corporation (100% owned), which conducts a sales financing business to aid in the distribution and sale of the Company's products. Loans from the Company to this affiliate were \$57.5 million at the end of 1954 compared with \$45.0 million at the start of the year. Earnings and dividends for this affiliate were:

	(In millions)	
	1954	1953
Net earnings.....	\$ 5.4	\$ 4.1
Dividends received by General Electric.....	3.9	3.0

Investment in General Electric common stock amounted to \$23.8 million and was the cost of 740,997 shares held at the end of 1954 for corporate purposes. A summary of shares purchased and used in 1954 follows:

	Number of Shares
Shares of no par value common stock held at January 1, 1954.....	157,697
—Adjusted to \$5 par value common stock, three shares for one.....	473,090
Shares purchased during 1954.....	500,891
	<u>973,981</u>
Shares used during 1954:	
Under the Incentive Compensation Plan:	
Delivered in lieu of cash payments.....	96,180
Contingently allotted.....	30,288
Requirements for 1954 under the Employees Savings and Stock Bonus Plan.....	67,175
Delivered to General Electric Educational and Charitable Fund (donated in 1953).....	30,300
Used to acquire shares of common stock of Canadian General Electric Company, Ltd....	6,306
Other awards to employees.....	2,735
Total shares used.....	<u>232,984</u>
Shares held at December 31, 1954.....	<u>740,997</u>

Investment in miscellaneous securities totaled \$5.2 million at the close of 1954, compared with \$5.4 million at the previous year-end. These investments consisted principally of minority interests in foreign companies.

A record \$159 million for new facilities

Investment for modernization and expansion of laboratories, plant and equipment in 1954 totaled \$158.8 million. This was a 13% increase over the \$141 million invested during 1953. At the close of 1954, the Company had 63.9 million square feet of manufacturing floor space at 135 plants located in 105 cities in 28 states.

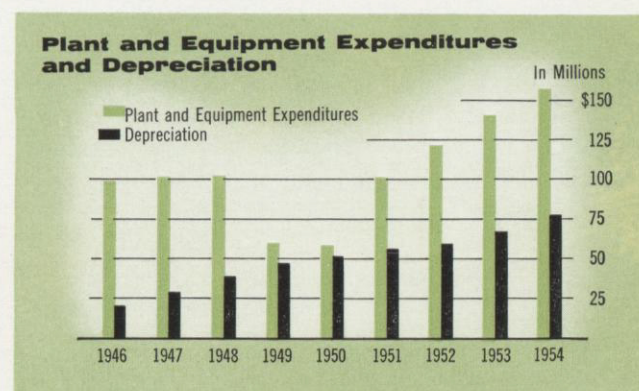
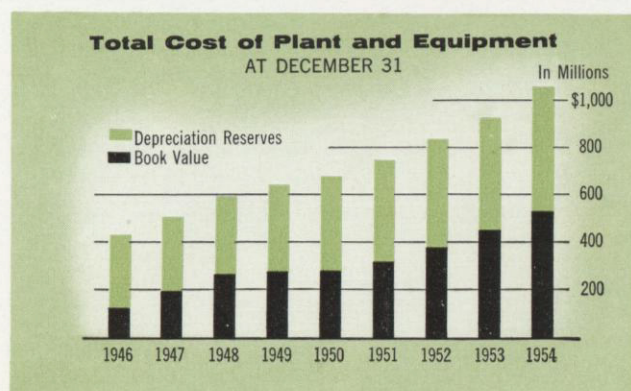
The growth of the Company's investment in plant and equipment since the start of the expansion and modernization program in 1946 is shown on a chart below. The cost of facilities in use had grown from \$424 million at the end of 1946 to \$1 billion 59 million at the close of last year.

On the second chart below is shown a comparison of plant investment expenditures and depreciation for each of the last nine years. Total expenditures for new facilities have amounted to \$951 million for the nine-year period. \$500 million of this amount has been financed from depreciation provisions. The remainder, or \$451 million, was

(Amounts in millions)

CHANGES IN PLANT AND EQUIPMENT DURING 1954 1953 1952

Cost of plant and equipment in use January 1.....	\$940.3	\$839.8	\$751.8
Cost of facilities added during year.....	158.8	141.0	123.1
Deduct: Cost of facilities dismantled during year.....	40.4	40.5	35.1
COST OF PLANT AND EQUIPMENT IN USE DECEMBER 31.....	<u>1058.7</u>	<u>940.3</u>	<u>839.8</u>
Accumulated depreciation January 1.....	490.6	460.7	433.1
Depreciation charged against income during year.....	79.5	67.3	59.7
Deduct: Accumulated depreciation on facilities dismantled during year.....	36.6	37.4	32.1
ACCUMULATED DEPRECIATION DECEMBER 31.....	<u>533.5</u>	<u>490.6</u>	<u>460.7</u>
NET BOOK VALUE OF PLANT AND EQUIPMENT DECEMBER 31.....	<u>\$525.2</u>	<u>\$449.7</u>	<u>\$379.1</u>



about equivalent to reinvested earnings for the last nine years.

Depreciation for the year 1954 totaled \$79.5 million, compared with \$67.3 million in 1953. Of the 1954 amount, \$14.0 million represented amortization on the certified portion of facilities acquired under certificates of necessity.

At the end of 1954, certificates of necessity under the 1950 Revenue Act were in force for facilities in place or to be constructed, with an estimated cost of \$176.4 million. Approximately 66% of this amount will be amortized over a period of five years, the balance being subject to depreciation at normal rates.

Three-for-one conversion of common stock

In order to give more investors a better opportunity to participate in the ownership of the Company, approval by the Share Owners of a three-for-one stock conversion was requested early in 1954. To reduce transfer taxes on transactions in the Company's common stock, it was also proposed that the stock be changed from no par value to \$5 par value. Both of these changes were approved by the Share Owners at the Annual Meeting on April 20, 1954.

The amount shown for common stock on the statement of financial position increased from \$180.3 million to \$433.3 million during 1954. The increase of \$253.0 million arose as follows:

Increase from stated value of \$6.25 for each share of old stock to \$5 par value per share of new stock at the time of three-for-one conversion	\$252,401,864
Par value of 122,836 shares sold under the terms of the Stock Option Plan	614,180
Increase in common stock account	<u>\$253,016,044</u>

122,836 shares sold under Stock Option Plan

Under the terms of the Stock Option Plan, which was approved by the holders of 97.8% of the shares voted at the 1953 Annual Meeting, restricted stock options for the purchase of an additional 620,876 shares of the Company's common stock were granted on November 19, 1954 at an option price of \$45.00. All of these options were outstanding at the close of 1954. In addition,

options for 1,412,694 shares at an option price of \$23.75 and for 773,399 shares at \$24.16 $\frac{2}{3}$, representing the unexercised portion of options granted in 1953, were outstanding at December 31, 1954. Options were held by 769 individuals, all of whom at the dates of grant were officers or other key employees.

Selection of the employees to whom options were granted received careful consideration from the Compensation Committee (none of whom is eligible to participate in the plan) of the Board of Directors. The plan is being extended to a widely diversified group of key employees, which it is anticipated will eventually total 1000, as an incentive for them to use their best efforts in the Company's behalf. Of the 4,200,000 shares which the Share Owners authorized for use under the plan, options for 2,973,062 or 71% had been granted through the close of 1954. This left 1,226,938 shares unallotted at the end of the year plus an additional 43,257 shares, options for which were terminated and which were therefore available for reallocation as provided in the plan.

During 1954, holders of options purchased 85,893 shares at \$23.75 a share, and 36,943 shares at \$24.16 $\frac{2}{3}$ a share, for total proceeds of \$2,932,748.

Since these shares of common stock were provided from unissued shares, as authorized by the Share Owners, the proceeds from these sales increased the capital investment of the Company. \$614,180, representing the \$5 par value of shares sold, was added to the Common Stock account, and \$2,318,568, representing the remainder of the gross proceeds, was added to Investment in Excess of Stated or Par Value of Common Stock.

The option prices were 100% of the market value as shown by the reported closing price of the stock on the New York Stock Exchange the day options were granted. Options granted in 1953 were generally for eleven years each, and in 1954 for ten years each, with 1953 options allotted in ten, and 1954 options in nine, approximately equal annual installments. The options cannot be exercised immediately, but only in installments accruing over the period of the employees' service with the Company during the term of the options—starting with the end of the first year.

The only exceptions were employees with less than ten years' service remaining until their normal retirement dates, in which case options were granted on a pro rata basis for these lesser periods.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At December 31		
	1954	1953	1952
Cash	\$ 43,146,568	\$ 58,532,010	\$ 64,940,466
Marketable securities (Note 2)	263,927,754	376,596,084	286,064,657
Receivables, less reserves (Note 4)	368,812,759	402,912,926	432,268,648
Inventories, less reserves (Note 3)	488,596,112	641,493,268	622,987,340
	<u>1,164,483,193</u>	<u>1,479,534,288</u>	<u>1,406,261,111</u>
Less: Progress collections on contracts	267,962,616	389,395,792	416,198,656
Price adjustments accrued	<u>16,216,454</u>	<u>87,387,321</u>	<u>16,224,655</u>
Total current assets	<u>880,304,123</u>	<u>1,002,751,175</u>	<u>973,837,800</u>
Investments, less reserve (Note 4)	212,460,727	172,246,973	160,981,776
Plant and equipment, less accumulated depreciation	525,189,253	449,750,547	379,153,960
Other assets (Note 5)	<u>74,025,835</u>	<u>71,840,041</u>	<u>65,550,342</u>
Total assets	<u>1,691,979,938</u>	<u>1,696,588,736</u>	<u>1,579,523,878</u>
Accounts payable (Note 4)	126,752,348	105,263,020	110,605,179
Dividends payable	34,236,722	28,576,054	21,433,420
Federal, state and local taxes accrued	222,587,507	358,049,353	312,819,803
Other costs and expenses accrued (Note 6)	<u>172,956,773</u>	<u>140,476,416</u>	<u>130,276,319</u>
Total current liabilities	<u>556,533,350</u>	<u>632,364,843</u>	<u>575,134,721</u>
Other liabilities (Note 5)	63,221,102	70,713,011	68,190,090
Deferred income	864,589	1,473,735	2,145,469
Miscellaneous reserves	<u>47,606,245</u>	<u>59,625,132</u>	<u>61,172,084</u>
Total liabilities and reserves	<u>668,225,286</u>	<u>764,176,721</u>	<u>706,642,364</u>
Excess of assets over liabilities and reserves—ownership	<u>\$1,023,754,652</u>	<u>\$ 932,412,015</u>	<u>\$ 872,881,514</u>
Ownership evidenced by:			
Common stock (Note 7)	\$ 433,303,090	\$ 180,287,046	\$ 180,287,046
Investment in excess of stated or par value of common stock (Note 8) ..	26,448,713	22,262,383	20,907,172
Reinvested earnings	<u>564,002,849</u>	<u>729,862,586</u>	<u>671,687,296</u>
Total share owners' investment	<u>\$1,023,754,652</u>	<u>\$ 932,412,015</u>	<u>\$ 872,881,514</u>

CURRENT EARNINGS

GENERAL ELECTRIC

	1954	1953	1952
Sales of products and services to customers	\$2,959,077,548	\$3,128,127,301	\$2,623,887,509
Deduct: Depreciation of plant and equipment	79,481,810	67,269,345	59,733,720
All other operating costs, expenses and charges	2,521,241,424	2,631,360,609	2,176,758,329
Total operating costs, expenses and charges (Note 9)	<u>2,600,723,234</u>	<u>2,698,629,954</u>	<u>2,236,492,049</u>
Income from operations	<u>358,354,314</u>	<u>429,497,347</u>	<u>387,395,460</u>
Add: Dividends and interest from nonconsolidated affiliates	12,560,501	11,719,027	12,161,550
Other sundry revenue	20,351,766	33,881,549	16,397,798
Total non-operating income	<u>32,912,267</u>	<u>45,600,576</u>	<u>28,559,348</u>
Total income from operations and other sources	<u>391,266,581</u>	<u>475,097,923</u>	<u>415,954,808</u>
Deduct: Interest and other financial charges	653,360	870,034	234,903
Provision for Federal income taxes, and renegotiation	178,000,000	235,617,000	205,868,000
Provision for Federal excess profits taxes	—	72,883,000	58,132,000
Total deductions from income	<u>178,653,360</u>	<u>309,370,034</u>	<u>264,234,903</u>
Net earnings	<u>\$ 212,613,221</u>	<u>\$ 165,727,889</u>	<u>\$ 151,719,905</u>
Net earnings per share	\$2.46	\$1.92	\$1.75
Dividends declared per share	\$1.53	\$1.42	\$1.00
Dividends paid per share	\$1.47	\$1.33	\$1.00

REINVESTED EARNINGS

	1954	1953	1952
Reinvested earnings at beginning of year	\$ 729,862,586	\$ 671,687,296	\$ 589,825,545
Add: Net earnings for year	212,613,221	165,727,889	151,719,905
Undistributed earnings of nonconsolidated affiliates (Notes 4 and 10)	5,373,293	14,044,658	16,023,824
	<u>947,849,100</u>	<u>851,459,843</u>	<u>757,569,274</u>
Deduct: Dividends declared	131,444,387	121,597,257	85,881,978
Amount transferred to common stock as a result of change from stated to par value (Note 7)	252,401,864	—	—
	<u>383,846,251</u>	<u>121,597,257</u>	<u>85,881,978</u>
Reinvested earnings at end of year	<u>\$ 564,002,849</u>	<u>\$ 729,862,586</u>	<u>\$ 671,687,296</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Basis of Consolidation—These financial statements at December 31, 1954 represent a consolidation of the accounts of the Parent Company—General Electric—and those of the following wholly owned affiliated companies: General Electric Realty Corporation; The Mahoning Valley Steel Company; and The Maqua Company. (Hereafter referred to as the Consolidated Group.)

The accounts of other affiliated companies, a majority of whose voting stock was owned, directly or indirectly, by the Parent Company, were not consolidated because their businesses either did not involve manufacturing or were conducted outside the continental United States. (Hereafter referred to as the Nonconsolidated Affiliates.)

The financial interests of the Consolidated Group in the Nonconsolidated Affiliates were carried on the accompanying consolidated statement of financial position as Investments, on the valuation basis described in Note 4.

The net earnings of the Consolidated Group reflected (a) the inclusion of amounts received as dividends from, rather than the equity in the net earnings of, the Nonconsolidated Affiliates; and (b) the elimination of unrealized intercompany inventory profits.

Note 2—Marketable Securities consisted of issues of the United States Government, state and local governments and their agencies and of high-grade short-term commercial paper, carried at the lower of amortized cost or market value on the basis of individual issues. The aggregate quoted market value of these securities was approximately the same as their carrying value.

Note 3—Inventories were verified by physical count during the latter part of the year. With the exception of tungsten stocks, inventories were carried, in accordance with long-established practice, at the lower of cost (exclusive of certain indirect manufacturing expenses) or market values of individual items or groups of items on a "first-in, first-out" basis, less reserves which (a) make provision for possible losses on inactive and excess stocks;

(b) have the effect of accounting for the inventory of copper substantially in accordance with the base stock principle; and (c) eliminate unrealized intercompany profits. The tungsten metal stocks were valued on a "last-in, first-out" basis.

Note 4—Investments—Carrying values of investments in Nonconsolidated Affiliates represented the sum of the Consolidated Group's outstanding advances to, and equity in the net worth of, each Nonconsolidated Affiliate at the close of the year. The net worth of each Nonconsolidated Affiliate was determined on the same accounting basis as was employed by the Consolidated Group, including (a) the elimination of unrealized intercompany profits and (b) the application of safety factor discounts to foreign currency values.

In addition to advances made to Nonconsolidated Affiliates included in the Investments account, there were also amounts due on open account included in Receivables totaling \$54,730,167, \$54,078,578 and \$71,704,474 at the end of 1954, 1953, and 1952 respectively.

Amounts due to Nonconsolidated Affiliates included in Accounts Payable totaled \$4,078,458, \$3,923,367 and \$3,044,141 at December 31, 1954, 1953, and 1952.

Notes payable by domestic Nonconsolidated Affiliates to outside sources as of December 31, 1954 amounted to \$109,909,500 payable by General Electric Credit Corporation and \$33,500,000 payable by General Electric Distributing Corporation.

General Electric Common Stock in the portfolio was held for corporate purposes and carried at its cost. There were 740,997 shares held on December 31, 1954, the aggregate quoted market value of which was \$34,641,610.

Miscellaneous securities were valued at cost except for certain investments, which were written off some years ago as war losses and which have subsequently been recovered in part. On December 31, 1954 estimated market or fair value of the portfolio was \$22,956,056.

Details of investments were as follows:

	December 31		
	1954	1953	1952
Nonconsolidated Affiliated Companies:			
Canadian General Electric Company, Ltd.	\$ 58,785,602	\$ 52,032,888	\$ 42,175,556
General Electric Credit Corporation	75,513,308	61,552,341	50,415,632
General Electric Distributing Corporation	28,731,078	28,004,817	29,469,094
Others	27,911,472	23,142,970	18,499,192
General Electric Company common stock	23,801,029	9,626,859	7,155,246
Miscellaneous securities	5,218,238	5,387,098	20,767,056
	<u>219,960,727</u>	<u>179,746,973</u>	<u>168,481,776</u>
Reserve for investments	7,500,000	7,500,000	7,500,000
	<u>\$212,460,727</u>	<u>\$172,246,973</u>	<u>\$160,981,776</u>

Note 5—Special Funds—Other assets and other liabilities included assets of, and liabilities for, the following special funds:

	December 31		
	1954	1953	1952
Fund for payments under U.S. Government contracts	\$ 8,742,192	\$ 12,203,984	\$ 19,330,302
Employee benefit plans and taxes withheld	31,987,430	33,037,167	24,865,632
Total special funds	\$ 40,729,622	\$ 45,241,151	\$ 44,195,934

Note 6—Other costs and expenses accrued included liabilities for payrolls, payments to the General Electric Pension Trust, replacement guarantees, etc. Included at December 31, 1954 is an accrual of \$38,572,495, representing the Company's liability for 1955 vacation pay resulting from changes in the Company's vacation plan. These changes were reflected in contracts negotiated with unions during 1954. The changes are further detailed on page 23 under the caption "Unusual expenses in 1954."

Note 7—Common stock—Amounts shown for common stock at December 31, 1954 represented the par value of 86,660,618 issued shares of the Company's \$5 par value common stock, and at December 31, 1953 and 1952 represented the stated value of 28,845,927.36 issued no par value shares. Authorized common stock totaled 105,000,000 shares of \$5 par value stock at the end of 1954, and 35,000,000 shares of no par value stock at the close of 1953 and 1952.

Details of changes in the Company's common stock during 1954, and shares subject to option under the Stock Option Plan, are presented on page 27.

At the Annual Meeting on April 20, 1954 the share owners approved elimination of the 1,207,036 shares of previously authorized but unissued 6% cumulative \$10 par value special stock.

Note 8—Investment in excess of stated or par value of common stock represented profits realized on treasury stock disposed of and the premiums received on original sales of common stock.

Note 9—Operating costs, expenses and charges exclude all costs, expenses and charges applicable to atomic projects operated for the U.S. Government at Hanford, Washington and Schenectady, New York.

Note 10—Undistributed earnings represented the difference between the equity of the Consolidated Group in the net earnings or losses of, and the dividends from, the Non-consolidated Affiliates for each respective year.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

Seventy Pine Street, New York 5, N. Y.

To the Share Owners and the Board of Directors of
General Electric Company, Schenectady, N. Y.

We have examined the consolidated statement of financial position of General Electric Company and affiliates as of December 31, 1954 and the related statements of earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and affiliates at December 31, 1954 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

*New York 5, N. Y.
February 18, 1955*

15

Y E A R

GENERAL ELECTRIC

	1954	1953	1952	1951	1950	1949
Sales to customers	\$2,959.0	\$3,128.1	\$2,623.8	\$2,319.3	\$1,960.4	\$1,613.6
Nonoperating income	32.9	45.6	28.5	21.9	28.9	20.2
Employee compensation and benefits (a)	1,119.9	1,146.7	975.0	870.5	695.9	649.6
Materials, supplies, etc. (b)	1,401.2	1,484.6	1,201.7	998.6	867.0	728.2
Depreciation charges (c)	79.5	67.3	59.7	56.5	51.2	47.5
Interest and financial charges	0.7	0.9	0.2	—	4.8	4.9
Federal taxes on income, and renegotiation (d)	178.0	308.5	264.0	277.5	197.0	78.0
Net earnings	212.6	165.7	151.7	138.1	173.4	125.6
Dividends declared	131.4	121.6	85.9	85.9	97.1	71.0
Total earnings of employees (e)	1,005.7	1,050.8	885.6	842.3	642.3	570.9
Average number of employees (e)	210,151	222,070	206,059	201,703	174,758	170,492
Capital invested (f)	\$1,023.8	\$932.4	\$872.9	\$788.4	\$702.9	\$761.5
Average number of share owners	277,047	247,944	252,837	252,993	249,530	250,562
Product Price Index (g)	119	118	114	114	103	101
Plant Expenditures	\$158.8	\$141.0	\$123.1	\$102.2	\$58.2	\$60.9
Provision for all taxes (d)	269.7	422.5	360.0	402.6	299.4	152.1
Notes payable December 31	—	—	—	—	—	144.5
Earnings as a % of sales	7.2%	5.3%	5.8%	6.0%	8.8%	7.8%
Earned on capital invested (h)	20.8%	17.8%	17.4%	17.5%	25.2%	17.0%

(a) Excludes compensation applicable to work in process and finished goods on hand at end of year, that chargeable to plant construction or similar capital projects, and that applicable to atomic projects at Hanford, Washington and Schenectady, New York. Includes pensions, insurance and all other employee benefits.

(b) Includes all other applicable costs, expenses and charges not separately tabulated.

(c) Amortization charges, if any, are included. The 1945 charges also include accelerated amortization of emergency facilities applicable to the years 1940-1945 inclusive.

(d) Amounts shown cover provision for taxes applicable to operations for the year, less claims for refunds of taxes on income for prior years and estimated post-war refunds of excess profits taxes.

S U M M A R Y

DOLLAR AMOUNTS IN MILLIONS

1948	1947	1946	1945	1944	1943	1942	1941	1940
\$1,632.7	\$1,330.8	\$768.9	\$1,378.3	\$1,447.1	\$1,377.2	\$964.5	\$744.1	\$456.5
18.8	16.7	13.4	9.7	16.3	10.1	11.1	13.0	13.2
659.9	554.4	397.4	475.0	534.2	536.2	410.9	265.9	174.2
730.5	599.4	340.2	716.7	696.9	633.3	372.1	278.7	175.4
38.3	28.3	21.5	43.6	28.0	27.1	26.3	23.5	16.7
5.3	5.3	1.3	0.6	0.8	1.3	1.1	1.4	0.5
93.7	64.8	21.7	93.1	150.0	141.2	120.9	130.9	46.3
123.8	95.3	43.0	59.0	53.5	48.2	44.3	56.7	56.6
51.4	46.1	46.1	46.1	40.3	40.3	40.3	50.4	53.3
625.1	537.4	404.7	433.9	497.2	506.0	410.7	278.6	169.6
187,848	179,846	159,435	161,822	180,018	184,445	151,644	121,326	85,746
\$734.8	\$632.8	\$578.7	\$380.7	\$368.1	\$357.9	\$347.8	\$337.5	\$330.7
249,311	249,351	246,013	238,975	232,925	226,386	220,504	217,398	211,622
101	98	82	(g)	(g)	(g)	(g)	(g)	74
\$103.9	\$102.0	\$99.8	\$41.1	\$13.3	\$14.9	\$31.7	\$45.2	\$23.5
173.7	129.4	17.7	126.9	191.1	175.0	154.2	159.5	61.8
177.1	202.4	202.9	3.4	4.1	5.1	5.1	5.7	4.7
7.6%	7.2%	5.6%	4.3%	3.7%	3.5%	4.6%	7.6%	12.4%
17.5%	15.8%	7.6%	15.6%	14.6%	13.5%	12.8%	16.9%	17.2%

(e) These data cover employees on the payroll and their total earnings for the year, excluding applicable pensions, insurance and other employee benefits. These data exclude 10,805 employees with 1954 earnings of \$63,049,040 at atomic projects operated for the U.S. Government at Hanford, Washington and Schenectady, New York.

(f) Share owners' investment plus notes payable as

of December 31 each year.

(g) Index numbers 1947-1949=100. Data cover prices of the consolidated companies. Data for 1941-1945 inclusive were omitted because production was largely for war purposes.

(h) Consolidated net earnings for the year—before interest on money borrowed during the years 1946 to 1950—in relation to capital invested at the close of the year.

BOARD OF DIRECTORS

S. SLOAN COLT

President and Director
Bankers Trust Company
New York, N. Y.

A Director for 15 years

RALPH J. CORDINER

President
General Electric Company
New York, N. Y.

A Director for 6 years

DONALD K. DAVID

Dean, Harvard University
Graduate School of Business Administration
Boston, Mass.

A Director for 10 years

CHARLES D. DICKEY

Chairman of the Executive Committee
and Director
J. P. Morgan & Co., Incorporated
New York, N. Y.

A Director for 14 years

G. PEABODY GARDNER

Trustee
Boston, Mass.

A Director for 16 years

FRANCIS L. HIGGINSON

Vice President and Director
Lee Higginson Corporation
Boston, Mass.

A Director for 35 years

JOHN HOLMES

Chairman of the Board and Director
Swift & Company
Chicago, Ill.

A Director for 6 years

GEORGE H. LOVE

President and Director
Pittsburgh Consolidation
Coal Company
Pittsburgh, Pa.

A Director for 5 years

THOMAS B. McCABE

President and Director
Scott Paper Company
Chester, Pa.

A Director for 3 years

NEIL H. McELROY

President and Director
The Procter & Gamble Company
Cincinnati, Ohio

A Director for 5 years

GEORGE G. MONTGOMERY

President and Director
Kern County Land Company
San Francisco, Calif.

A Director for 7 years

HENRY S. MORGAN

Partner
Morgan Stanley & Company
New York, N. Y.

A Director for 15 years

PHILIP D. REED

Chairman of the Board
General Electric Company
New York, N. Y.

A Director for 15 years

SIDNEY J. WEINBERG

Partner
Goldman, Sachs & Company
New York, N. Y.

A Director for 10 years

LEWIS B. WILLIAMS

Chairman of the Board
and Director
The National City Bank
of Cleveland
Cleveland, Ohio

A Director for 20 years

ROBERT W. WOODRUFF

Chairman of the Finance Committee
and Director
The Coca-Cola Company
Atlanta, Ga.

A Director for 7 years

OFFICERS

President

RALPH J. CORDINER

Chairman of the Board

PHILIP D. REED

Executive Vice Presidents

JOHN W. BELANGER

ROY W. JOHNSON

HENRY V. ERBEN

ROBERT PAXTON

Vice Presidents

WALTER R. G. BAKER

FRANCIS K. McCUNE

FRED J. BORCH

DONALD L. MILLHAM

LEMUEL R. BOULWARE

WILLIAM V. O'BRIEN

GEORGE E. BURENS

CHARLES K. RIEGER

JAMES M. CRAWFORD

WILLARD H. SAHLOFF

NICHOLAS M. DuCHEMIN

HAROLD F. SMIDDY

ROBERT L. GIBSON

HAROLD E. STRANG

W. ROGERS HEROD

C. GUY SUITS

CHESTER H. LANG

ARTHUR F. VINSON

CRAMER W. LaPIERRE

CLARENCE C. WALKER

CLARENCE H. LINDER

GLENN B. WARREN

RAY H. LUEBBE

WILLIAM C. WICHMAN

Comptroller

GERALD L. PHILLIPPE

Treasurer

JOHN D. LOCKTON

Secretary

RAY H. LUEBBE

Commercial Vice Presidents

ORVILLE F. HAAS Philadelphia

SAMUEL LITTLEJOHN Cleveland

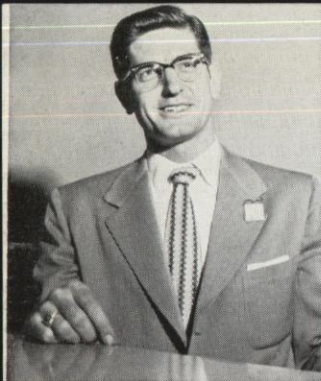
CLAUDE J. HENDON Atlanta

ROSS I. PARKER Chicago

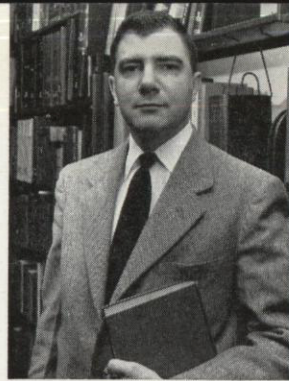
GEORGE L. IRVINE Dallas

WARDE B. STRINGHAM Washington

RAY W. TURNBULL San Francisco



APPARATUS SALES Training Program recruited 175 from colleges and other Company training programs. Sherman Cresson joined it in 1954.



MANUFACTURING Training Program expanded in 1954 to train 460 young people. One of 200 recruits: Carl W. Lomison, MBA, Graduate School of Business Administration, Harvard University.



ENGINEERING AIDE Program places college women as engineering assistants. Mary Lois Reed, BA Math, Misericordia College, was one of 40 young women placed in engineering work by the Program in 1954.



ENGINEERING Program is the Company's largest, recruiting and training engineering graduates. William W. Berry, BS (EE), Virginia Military Institute, was one of 650 engineers recruited in 1954.



BUSINESS Training Course was broadened in 1954 to offer financial training in eight locations. James Anderson, MBA, Indiana University, was one of 250 recruited for the Course during the year.

To develop tomorrow's business leaders:

COMPANY'S EDUCATIONAL PROGRAMS BROADENED; MANAGER DEVELOPMENT PLAN INTRODUCED

General Electric's growth in the years ahead will require a substantial increase in the numbers of its accountants, engineers, managers, scientists, and other professional contributors in the fields of manufacturing, marketing and relations.

As an indication of the effort devoted in 1954 to the recruitment of young people to help meet these needs, General Electric people interviewed one out of every four graduates in technical fields of interest to the Company, including those taking advanced degrees. Training program or job offers were made to one out of every three interviewed. More than 120 holding Ph.D. or other doctoral degrees were recruited.

All of the Company's major educational programs were strengthened. The Manufacturing Training Program, as

an example, expanded its operations to provide 460 young people with backgrounds for supervisory or specialist positions in manufacturing.

Of special interest was the introduction of a Manager Development Plan. Earlier research in manager development had indicated that managing of a business enterprise is a distinct professional activity which can be taught and learned. In 1954, therefore, the Company announced the Management Research and Development Institute which will provide a center for management research and where each year some 300 qualified men will study advanced techniques of professional managing. As in the past, manager development work will be carried on in the various plant and office locations on a decentralized basis.

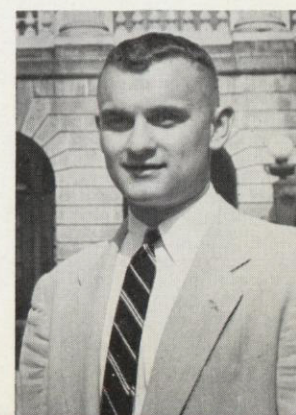
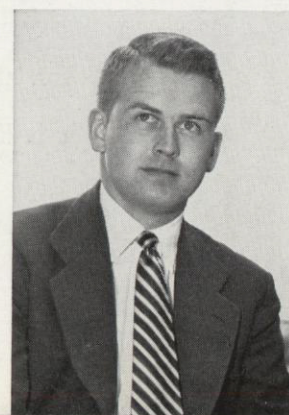
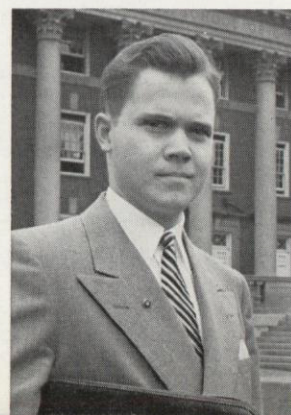
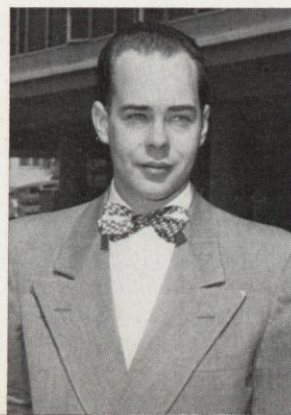
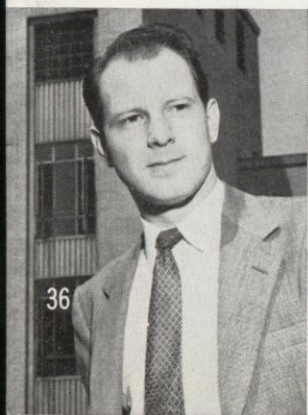
MARKETING Training Program gives on-the-job training. Kurt Hellfach, MS (Ind Adm), Carnegie Institute of Technology, is one of 40 men enrolled.

ATOMIC Test Program trained 60 technical graduates at Hanford Atomic Products Operation. Robert DeWitt, BS Chem. Eng., Washington State College, joined the Program in 1954.

CHEMICAL & METALLURGICAL and PHYSICS Programs were decentralized to better serve operating departments. Rolf Thorkildsen, BS Physics, Syracuse University, was one of 90 joining the programs.

EMPLOYEE RELATIONS Development Program increased its personnel in training by 50 per cent in 1954. R. Alan Graves, MS (Industrial Relations), Cornell University, was one of the new recruits.

ADVERTISING & PUBLIC RELATIONS Training Program increased its enrollment to 65 in 1954. Among the Program's new members was Arlie W. Schardt, BS Eng., University of Wisconsin.





CONCENTRATING on the problems of manpower development, Company leaders met in a series of three-day Leadership Conferences during the summer of 1954.



PARTICIPANTS included scientists, engineers and other specialists as well as managerial personnel, bringing a wide variety of viewpoints to the discussions.

Discussing manpower development:

GENERAL ELECTRIC'S FUTURE MANPOWER NEEDS CONSIDERED IN SERIES OF SUMMER CONFERENCES

The urgent need for developing leaders to fill the future requirements of the Company received the attention of a broad section of General Electric people during 1954. In a series of special Leadership Conferences, 2800 key people from throughout the Company participated in intensive study and discussion of the methods for creating the most favorable climate for manpower development. Later, those attending the Conferences conducted "follow-up" conferences for people in their respective offices and places of business. In this way General Electric people as a whole broadened their understanding of the Company's needs, philosophy, policies and programs in the development of men.

DISCUSSIONS by small groups gave each individual an opportunity to contribute. The most notable ideas originating from these discussions were then taken up for consideration in larger meetings.

FOLLOW-UP conferences were held throughout the Company. Thus manpower development was considered by thousands of General Electric people, whose ideas will be incorporated in continuing programs.

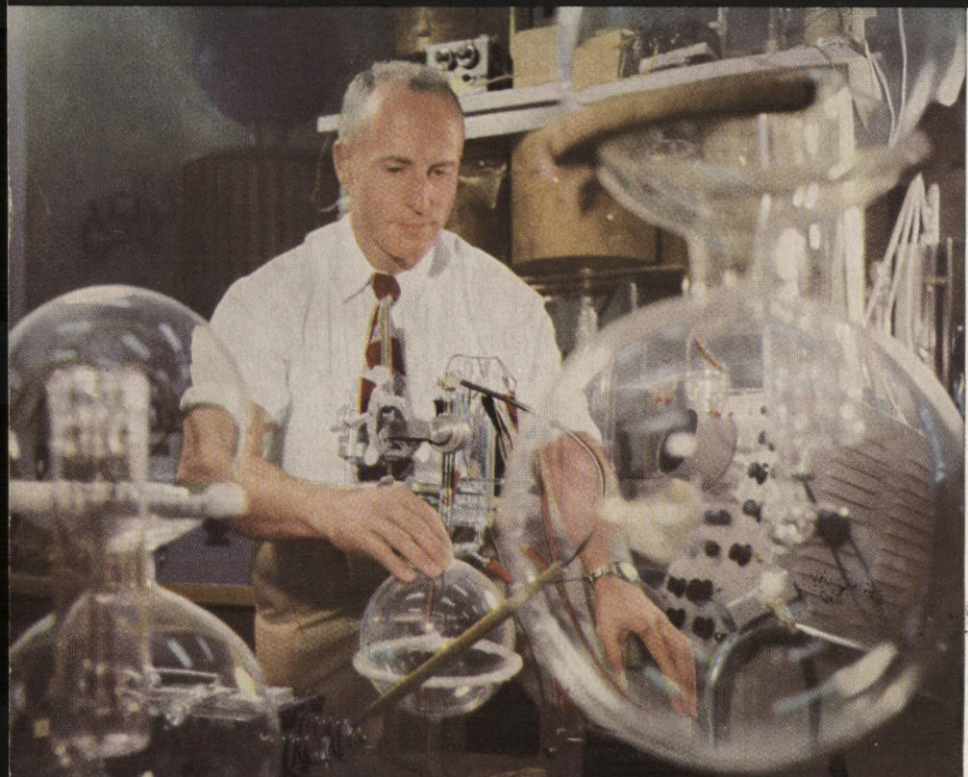




New "Electric Kitchen Center"—four appliances in one unit (Page 18)



Progress toward developing more powerful jet engines (Page 16)



Developing new tools for fundamental research (Page 7)